



# **BCMM 2022–2023 ANNUAL REPORT**

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# LIST OF ABBREVIATIONS AND ACRONYMS

4IR	Fourth Industrial Revolution
AARTO	Administrative Adjudication Road Traffic Offences
ADM	Amathole District Municipality
AEC	Alcohol Evidence Centre
AEL	Atmospheric Emission Licence
AFMA	Animal Feed Manufacturers Association of South Africa
AFS	Annual Financial Statements
AIDC	Automotive Industry Development Centre
AMR	Automatic Meter Reading
ANC	African National Congress
ANCYL	ANC Youth League
ANPR	Automatic Number Plate Recognition
ANPR	Automatic Number Plate Recognition
ASA	Athletics South Africa
ASB	Accounting Standards Board
ATR	Annual Training Report
AWSS	Amatole Water Supply System
BAC	Bid Adjudication
BCFPM	Buffalo City Fresh Produce Market
BCM	Buffalo City Metro
BCMDA	Buffalo City Metropolitan Development Agency
BCMET	Buffalo City Metro Transport
BCMM	Buffalo City Metropolitan Municipality
BEITT	Built Environment Integration Task Team
BEPP	Bult Environment Performance Plan
BI System	Business Intelligence System
BKCOB	Border Kei Chamber of Business
BMS	Building Maintenance Services
BNG	Breaking New Ground
BTO	Budget and Treasury Office

CAPEX	Capital Expenditure
CBD	Central Business District
CDW	Community Development Worker
CEO	Chief Executive Officer
CIDB	Construction Industry Development Board
CFO	Chief Financial Officer
CFTA	Continental Free Trade Area
CIDMS	Cities' Infrastructure Delivery and Management System
CNIP	Ciskei National Independent Party
CLDP	Catalytic Land Development Programme
CoGTA	Cooperative Governance and Traditional Affairs (Eastern Cape)
COS	Cost of Supply
COVID-19	Coronavirus
CP	Catalytic Programme
CRR	Cumulative Risk Ratin
CSF	Community Safety Forum
CSP	City Support Programme
CTICC	Cape Town International Convention Centre
DBE	Department of Basic Education
DCOG	Department of Cooperative Governance
DDM	District Development Model
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DEM	Deputy Executive Mayor
DIFR	Disabling Injury Frequency Rate
DMA	Disaster Management Act
DMC	Disaster Management Centre
DOEL	Department of Employment and Labour
DoRA	Division of Revenue Act
DOT	Department of Transport
DPWI	Department of Public Works and Infrastructure
DRDAR	Department of Rural Development and Agrarian Reform
DRDLR	Department of Rural Development and Land Reform
DRPW	Department of Roads & Public Works
DSRAC	Department of Sport, Art & Recreation
DTIC	Department of Trade Industry and Competition

DTM	Digital Terrain Model
DWS	Department of Water and Sanitation
DSRAC	Department of Sport, Recreation, Arts and Culture
EC	Eastern Cape
ECD	Early Childhood Development
ECDC	Eastern Cape Development Corporation
ECDoHS	Eastern Cape Department of Human Settlements
ECLB	Eastern Cape Liquor Board
ECPTA	Eastern Cape Parks and Tourism Agency
ECSA	Engineering Council of South Africa
ECSECC	Eastern Cape Socio-economic Consultative Council
EL ICC	East London International Convention Centre
ELIDZ	East London Industrial Development Zone
EPMO	Enterprise Project Management Office
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
ESS	Executive Support Services
EXCO	Executive Committee
FEE	Foundation for Environmental Education
FLISP	Financed Linked Individual Subsidy Programme
GBS	General Budget Support
GBV	Gender-based Violence
GBVF	Gender-based Violence and Femicide
GDP	Gross Domestic Product
GM	General Manager
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
HACCP	Hazard Analysis and Critical Control Points System
HAD	Housing Development Agency
HOD	Heads of Directorate
HH	Household
HSS	Housing Subsidy System
HR	Human Resource
HRD	Human Resource and Development
HRPD	Human Resources Planning and Development
HSDG	Human Settlement Development Grant

HV	High Voltage
ICC	International Convention Centre
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IGR	Intergovernmental Relations
IGRFA	Intergovernmental Relations Framework Act
IR	International Relations
Ints	Interruptions
IOC	International Olympic Committee
IPTN	Integrated Public Transport Network
IRDP	Integrated Residential Development Programme
IRRT	Integrated Rapid Response Tea
ISDG	Infrastructural Skills Development Grant
ISHSP	Integrated Sustainable Human Settlements Plan
ISUP	Informal Settlements Upgrading Programme
ISUPG	Informal Settlement Upgrading Partnership Grant
IT	Information technology
IUDF	Integrated Urban Development Framework
IWD	International Women's Day
IWMP	Integrated Waste Management Plan
Kl	Kilolitre
Km	Kilometre
KPI	key Performance Indicator
LDV	Light-duty Vehicle
LED	Local Economic Development
LG SETA	Local Government Sector Education & Training Authority
LSDF	Local Spatial Development Framework
LUM	Land Use Management
MBSA	Mercedes-Benz South Africa
MCC	Municipal Coastal Committee
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MFMP	Municipal Finance Management Programme
MGDS	Metro Growth and Development Strategy

MHS	Municipal Health Services
MICE	Meetings, Incentives, Conferences, and Exhibitions
Mini-Libs	Mini-Libraries
MPAC	Municipal Public Accounts Committee
MPT	Municipal Planning Tribunal
MSA	Municipal Systems Act
MSDF	Municipal Spatial Development Framework
MTREF	Mid-Term Revenue and Expenditure Framework
MuniMEC	Municipalities and Members of the Executive Committee
NAFCOC	National African Federated Chamber of Commerce and Industry
NCOP	National Council of Provinces
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NEM: ICMA	National Environmental Management: Integrated Coastal Management Act
NERSA	National Energy Regulator of South Africa
NHLS	National Health Laboratory Services
NHNR	National Housing Needs Register
Non SM	Non-smart Meter
NPC	National Planning Commission
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
OD	Organisational Development
OHS	Occupational Health and Safety
OPEX	Operating Expense
OTP	Office of the Premier
PA	Personal Assistant
PC	Personal Computer
PCBCF	Provincial Capacity Building Coordinating Forum
PCC	Presidential Climate Commission
PDMAF	Provincial Disaster Management Advisory Forum
PEP	Public Employment Programme
PHP	Peoples Housing Process
PIE Act	Prevention of Illegal Eviction (from an Unlawful Occupation of Land) Act, No. 19 of 1998

PITS	Public Transport Infrastructure and Systems Grant
PMS	Performance Management System
POPI	Protection of Personal Information
PPE	Personal Protective Equipment
PPP	Public Private Partnerships
PPPSG	Programme and Project Preparation Support Grant
PrDP	Professional Driving Permit
PSNP	Primary School Nutrition Programme
RAVA	Risk and Vulnerability Assessment
RDP	Reconstruction and Development Programme
RIMS	Roads Incident Management Systems
RSA	Republic of South Africa
RTMC	Road Traffic Management Corporation
SAB	South African Breweries
SACN	South African Cities Network
SACNASP	South African Council for Natural Scientist Profession
SACPLAN	South African Council for Planners
SACPVP	South African Council for Property Valuers Profession
SACU+M	Southern African Customs Union (member States) and Mozambique
SAGC	South African Geomatics Council
SAHPRA	South African Health Products Regulatory Authority
SALB	South African Library for the Blind
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SANRAL	South African National Roads Agency Limited
SANS	South African National Standard
SAPS	South Africa Police Services
SARS	South African Revenue Services
SASSA	South African Social Security Agency
SAQA	South African Qualifications Authority
SAT	South African Tourism
SBC	Small Business Corporation
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan

SDF	Spatial Development Framework
SDG	Sustainable Development Goal
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SETA	Sector Education & Training Authority
SM	Smart Meter
SMME	Small, Medium, and Micro Enterprise
SOMA	State of the Municipality
SOP	Standard Operating Procedure
SPLUMA	Spatial Planning and Land Use Management Act
SSC	Strategy Steering Committee
SSEG	Small Scale Embedded Generation
StatsSA	Statistics South Africa
TFSA	Trade Forward South Africa
TGCSA	Tourism Grading Council of South Africa
TOD	Transport Oriented Development
TRA	Temporary Relocation Area
TRU	Temporary Relocation Unit
UISP	Upgrading of Informal Settlement Programme
UK	United Kingdom
ULO	UNLAWFUL LAND OCCUPATIONS
USDG	Urban Settlement Development Grant
VIP	Ventilated Pit Latrine
WCWDM	Water Conservation and Water Demand Management
VWSA	Volkswagen South Africa
WHO	World Health Organisation
WIL	Work-Integrated Learning
WIP	Woodbrook Infrastructure Upgrade
WSA	Water Services Authority
WSP	Water Services Provider
WSU	Walter Sisulu University
WTM	World Travel Market
WWTW	Wastewater Treatment Works

# CHAPTER 1

## 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 adherence to the aforementioned legislative requirements, BCMM has developed this Annual Report 2022/2023. The latter serves as a means to engage with BCMM residents, businesses operating within the municipality, ratepayers, and various community organisations. It aims to provide comprehensive information about Council activities, services, performance, achievements, and notable highlights during the past year. Like any other state organ, organisation, or entity, BCMM operates in alignment with its vision, mission statement, core values, and strategic objectives when fulfilling its mandate.

### BCMM VISION

BCMM is guided by the following long-term vision:

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

- We are a city that reinvented 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, the capital of the EC province, boasting a globally competitive auto industry and outstanding educational and medical facilities.

## **MISSION STATEMENT**

BCMM is a city that:

- Cultivates 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;
- Fosters a safe and healthy environment; and
- Places Batho Pele at the centre of service delivery.

## **CORE VALUES**

BCMM 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**

BCMM strives to realise the following five strategic outcomes by the year 2030.

- **An innovative and productive city:** experiencing rapid and inclusive economic growth, coupled with a decline in unemployment.
- **A green city:** prioritising environmental sustainability and maximising benefits from our natural assets. A clean and healthy city adorned with subtropical gardens.
- **A connected city:** establishing high-quality (and competitively priced) connections to ICT, electricity, and transport networks, both inside BCMM and extending beyond to the outside world.

- **A spatially transformed city:** progressively overcoming apartheid spatial divisions and fragmentation, with township economies becoming more productive.
- **A well-governed city:** a smart and responsive municipality that collaborates with other levels of government, efficiently plans, and delivers high-quality services and cost-effective infrastructure, ensuring the prevention of maladministration and political disruptions.

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

**Table 1: Five pillars of the MGDS 2030**

<b>Pillars of the BCMM Growth and Development Strategy – Vision 2030</b>	
<b>Strategic Pillar 1</b>	Inclusive and sustainable economic growth
<b>Strategic Pillar 2</b>	A clean and environmentally sustainable city
<b>Strategic Pillar 3</b>	A globally connected city
<b>Strategic Pillar 4</b>	A spatially transformed city
<b>Strategic Pillar 5</b>	A well-governed city



**EXECUTIVE MAYOR: COUNCILLOR PRINCESS FAKU**

## COMPONENT A : MAYOR'S FOREWORD

### A. Vision:

Fellow residents and Stakeholders of the Buffalo City Metro Municipality (BCMM). As the Executive Mayor of BCMM, I am delighted to have the honour to present the 2022/2023 Annual Report.

The Annual Report is a legal instrument designed to fulfil council accountability obligation to the citizens of Buffalo City Metropolitan Municipality and its stakeholders.

The Metro has a well-defined political and administrative governance system with two distinct functions which are the legislative and executive function. These are supported by an administration which focuses on administrative governance and service delivery.

The institution has established section 79 and 80 committees which monitor and evaluate the performance of the executive and the respective directorates.

Once more, we are at that time of the year where we require reporting to you of how we are leading this municipality.

Our reporting this financial year comes after much of government's institutions had recovered from Covid-19.

Our vision as BCMM is clearly expressed in the Metro Growth and Development Strategy (MGDS) vision 2030 document, which was collectively created by the citizens and stakeholders of our City.

This strategy seeks to coordinate all efforts of the municipality, labour, business, and other stakeholders towards the creation of a Buffalo City Metro that is economically productive, spatially integrated, globally connected, green, safe and well-governed.

This strategy is a common plan for growth and development in our Metro and its intentions and actions are aimed at creating a better life for all residents of the metro and also creating prosperity for our local businesses.

With tough economic times, it is key to also focus on cash flow management and investments in the metro. As a local government we have a constitutional mandate to foster socio-economic development and we are responsible for creation of conducive environment for investment.

The 2022/2023 annual report covers activities undertaken and milestones achieved during the financial year under review.

Our vision is also aligned with Local Economic Development, which has also significantly increased in the financial year period under review.

This annual report touches on a number of key milestones we have achieved, challenges we've overcome and multi-year projects we are working on.

**B. Key policy developments:**

Managing the cash flow resources of the BCMM is one of the key requirements we are adhering to, that is to ensure the liquidity of the municipality in order to meet its financial obligations both currently and into a sustainable future.

It has been a norm for BCMM to ensure solid governance in the metro that is supported by a competent administration. Our governance structures function optimally.

A few years back the City was underperforming in terms of people with disability but through the partnership with Disability Economic Empowerment Trust, that has changed as we've placed a number of people in different departments.

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.

But with competent teams, the goals we have set for ourselves are achievable. Mismanagement, fraud and corruption always affect service delivery. And BCMM is committed to the principles of good governance and recognizes the significance of taking calculated risks to achieve the City's objectives.

To ensure effective risk management, the City has established a dedicated Risk Management Unit with a main goal of assisting the Accounting Officer.

BCMM has also maintained a zero-tolerance policy towards fraud, corruption and maladministration. As part of a pro-active stance, the City has formulated a fraud mitigation strategy.

This is to identify and investigate allegations, prosecute offenders and encourage both staff and stakeholders to promptly report any incidents.

Some of the targets of BCMM in terms of service delivery have been achieved in this financial year under review.

### **C. Key Service Delivery Improvements**

During this financial year of 2022/2023, there has been some significant growth in our City. Population has grown from 781 853 in 2011 to 975 255 in 2022. The City has also recorded an increase in the number of informal dwelling. Therefore, there's also a need for water and sanitation improvement.

During the 2022/2023 financial year, the Directorate of Human Settlements successfully delivered 363 top structures and fully serviced 378 individual sites. This contributes to our long-term program aimed at eliminating informal settlements by providing essential services to those residing in those areas.

The backlog in terms of universal access pertains to the electrification of new formal RDP (Reconstruction and Development Programme) dwellings. For BCMM, this backlog is approximately 1%, with only recently constructed dwellings remaining un-electrified. Shack expansion remains a big challenge for the Metro.

The BCMM is currently supplying 6 kilolitres of free basic water per month to all registered indigent consumers within the informal settlements in urban areas and to unregistered rural and informal settlements. It is also worth noting and mentioning that BCMM water quality standards have improved substantially in the year under review, and we hope to continue improving in this regard.

We are proud to report that approximately 250 530 households have access to basic water supply and approximately 246 692 households have access to basic sanitation services in the form of flush toilet in urban areas and VIPs toilets in rural areas.

Budgetary constraints and aging infrastructure pose significant challenges to enhancing access to basic water services.

Also, the solid waste unit, this department is tasked with providing waste management services in three of our regions, the Coastal, Midlands and Inland through Operations Units. We have a collection services system that ensures that the citizens of the City reside in an environment that is not detrimental to their health and it contributes to the overall enhancement of the City's aesthetics.

The department has strengthened operations towards street cleaning, litter picking, gutter clearance and refuse collection through its Integrated Rapid Response Team and Public Employment Programme (PEP).

On a positive basis, these interventions have resulted in a reduction of overtime, improved cleanliness, and increased operation efficiency.

We also have our development agency, the Buffalo City Metropolitan Agency (BCMDA) that is working tirelessly for our City. The entity has just appointed their new Chief Executive Officer, Ayanda Gqoboka, and experienced administrator who is expected to bring skills to make sure the mandate of the agency is implemented.

BCMDA is mandated to conceptualize, plan, and execute catalytic socio-economic development projects. It oversees rolling out social and economic development programmes. These programmes are targeted at having a positive impact on livelihoods of the citizens of the metro, through targeted especially disengaged groups such as youth and women. The agency has special target areas, namely:

- Rural Development projects
  
- SMME development strategies
  
- Public Employment programme
- CSI projects and

- Sector Development Partnerships.

In the year under review, through BCMDA, we have achieved the Duncan Village Waste Management Programme as waste collection and recycling continues.

Also, the Leighandre Baby Lee Jegels recreational park is one of the achievements, through the agency.

A development plan for the Port of East London is also in progress, as Transnet is finalizing its internal investment processes. It is worth noting that the Esplanade Masterplan development and Winterstrand Beachfront upgrades are now in procurement stage.

#### **D. Public Participation**

The participation of the public in our policy developments is very crucial. This gives them a sense of ownership and the feeling of being participants in decisions taken by the council. As a municipality that prioritizes its residents, it is very important to engage them to understand their needs in terms of service delivery issues.

Mayoral Imbizos and other roadshows like the IDP are key in terms of public participation as the municipality depends on the same residents to understand their needs and what needs to be prioritized in terms of service delivery.

In every decision making, the community must get involved and BCMM councilors have done that, to make sure that the views of the residents are listened to and attended to.

BCMM council has been prioritizing such engagements very closely and the councilors have delivered positive feedback to these communities. Public accountability is very important and is part of our objective as the BCMM to create a listening and trusted government.

#### **E. Future Actions**

The bulk of the capital budget that BCMM receives goes towards infrastructure development. By this, it is to make sure that the lives of the residents of Buffalo City are



improved. The main focus here has always been the provision of water, sanitation, the construction of roads and the servicing and upgrading of our electricity network.

Our infrastructure-focused spending will also target human settlements and the electrification of informal settlements will be amongst the projects to be undertaken.

Through planning and collaboration with key stakeholders-the Housing Development Agency (HDA) is set to deliver approximately 3 647 housing units in the upcoming financial years, in addition to projects already under implementation by BCMM.

The refurbishment of Beach Infrastructure is underway in areas like Kidd's Beach, Eastern Beach and Marina Glen, Gonubie Beach, Gulu Beach, Nahoon Beach, Bonza Bay beach and Orient Swimming Pools.

The City is committed to an ongoing process of refurbishing and upgrading infrastructure within beaches and coastal environment.

Once these projects are done, the focus will be to achieve a Blue Flag beach status.

Also important, with current disasters that constantly affect us like floods, Informal fires and severe storms and wind, BCMM must be prepared for such. Hence a decision has been taken to refurbish the Disaster Management Centre (DMC).

DMC is instituted in accordance with Section 43 of the Disaster Management Act, No.57 of 2002. The status of our DMC falls short of enabling it to fulfill its powers, duties, and constitutional mandate as a Metropolitan Municipality.

The current structure does not align with the expanded requirements of the Metropolitan Municipality and to rectify the situation, the city has plans to review the structure and make sure that it fits the required standards.

## **F. Agreements / Partnerships**

It is a fact that the achievement of our vision requires us to have solid partnerships with labour, business, and other stakeholders. Our MGDS, vision 2030 forces us to have these partnerships with international and local partners in labour, business, and government.

Our MGDS, vision 2030 deliberately directs us to establish and maintain these partnerships for the long-term benefit of the Metro and its people.

The National Government is currently coordinating the entirety of our country towards the implementation of the District Development Model and One Plan, a whole government approach to service delivery at the local level.

BCMM has already submitted its Second Generation One Plan and has also aligned its Reviewed Intergovernmental Relations Framework in line with this approach. This is a system which fosters enhanced collaboration, amongst all spheres of government with the aim being the creation of an agile and seamlessly working government.

We believe that this approach will make us work better with stakeholders such as MBSA, Transnet, Eskom, Prasa and many others who are critical in the success of our city's development efforts. We continue to have partnerships with many sister cities internationally such as the Jinhua People's Government, Chongqing, Yubei District in Chongqing and City of Qinghungdao in China as well as City of Oldenburg in Germany.

In June 2023, BCMM hosted its China/BCMM Business conference focusing growing the Metro's export market. The partnership with Germany in main has focused on water and sanitation.

The Metro is currently exploring new partnerships and will continue to engage cities all over the world on issues of mutual interest and benefit to the Metro.

The Metro was also selected by SALGA as one of the top 5 metros to localize the Sustainable Development Goals (SDGs). Buffalo City Metro will join other cities across the world to localise the SDGs through the Voluntary Local Review (VLRs).

This gives the Metro an opportunity to see our direct contribution to realising the World's development agenda. The 17 goals which are integral to our national aspirations, going forward, will translate into actionable initiatives at the local level.

On 31 October 2023, Buffalo City joined 55 other cities on World Cities Day, to be part of the prestigious Creative Cities Network, as designated by UNESCO.

This is recognition for the Metro and the City as whole, opens opportunities for current and future generations in improving educational programmes, literature, script writing, poetry, and all other forms of literature and the creative arts, and also not forgetting collaborating with local and international cities and partners across the Creative Cities Network in the world

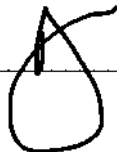
## **G. Conclusion**

Residents and Stakeholders of Buffalo City Metro, we are presenting you the 2022/ 2023 Annual Report and we are confident that the projects mentioned here are visible and have made major changes in our communities.

We are doing our best to implement the programme that we collectively adopted as contained in the Metro Growth and Development Strategy, Vision 2030. We have made strides towards the achievement of this vision.

This report shows that we have made substantial progress, and we are happy that residents do acknowledge this in our various consultation platforms such as the Mayoral Imbizo and the IDP Roadshows. We remain resolute in creating a better life for all the people of Buffalo City Metro and we will not be terrified by mistakes from undertaking this task.

(Signed by :)



Executive Mayor  
Cllr Princess Faku



**CITY MANAGER: MR MXOLISI YAWA**

## COMPONENT B: MUNICIPAL MANAGER'S OVERVIEW

### 1.1. CITY MANAGER'S OVERVIEW

The 2022/2023 reporting period marked the first full financial year of the current term of the Council after the local government elections held in 2021. The information that is contained in this annual report therefore highlights the consolidation of projects that were outstanding from the previous term and the start of projects for the current term of the council. The report shows that significant progress has been made in finalising the projects from the previous term and creating projects that are in line with the thinking of the current leadership.

The vision and mission statements of the municipality have not changed, and its strategic direction is still anchored around the Metro Growth and Development Strategy, vision 2030, whose aim is to see a Buffalo City that is innovative and globally competitive, globally-connected, spatially transformed, green, safe, and well-governed. The management has decided to begin a process of reviewing the strategic direction of the organisation, more particularly the MDGS and align it with current realities. This is particularly important in light of the fact that the whole government is gradually moving towards fully implementing the District Development Model in so far as strategic planning and implementation is concerned.

This report demonstrates that Buffalo City continues to be a working city that delivers services to its residents and consumers. The city continues to deliver houses and roads, while also providing services such as electricity, refuse removal, water and sanitation. The massive investment in infrastructure has improved the lives of Buffalo City residents but it has also increased the value of infrastructure assets for the city.

All catalytic projects and programmes that the City implemented during the 2022/2023 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) endorsed by the council. The credibility of our BEPP was also confirmed by the National Treasury through an independent evaluation process when they rated the city's BEPP a platinum status, placing the metro in the first position against all metros assessed concerning strengths in strategic planning, budgeting, resource allocation, alignment, and performance.

As a result, the city continues to revise and utilise this annual planning tool to its advantage to drive its spatial transformation agenda. Below is a summary of our BEPP document including catalytic projects, programmes and a high-level account of progress made during 2022/2023 financial year.

### **The Built Environment Performance Plan (BEPP).**

Planning, budgeting, and reporting reforms over the last couple of years have focused on Spatial Transformation through Grant Reform. The Built Environment Performance Plan (BEPP) was introduced by the 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 infrastructure investment.

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 Buffalo City.

The Built Environment Performance Plan (BEPP) continues to guide the packaging and formulation of the City's Catalytic Land Development Programmes (CLDPs) ensuring strategic transversal facilitation, planning and budgeting towards transformative interventions in the built environment.

The targeted catalytic programmes and projects aim to transform the Metro's built environment into a more compact, liveable, integrated, inclusive, productive and climate-resilient city. The ultimate impact of spatial transformation is anticipated to be; a reduction in poverty and inequality enabling more inclusive urban economic growth and improved quality of life.

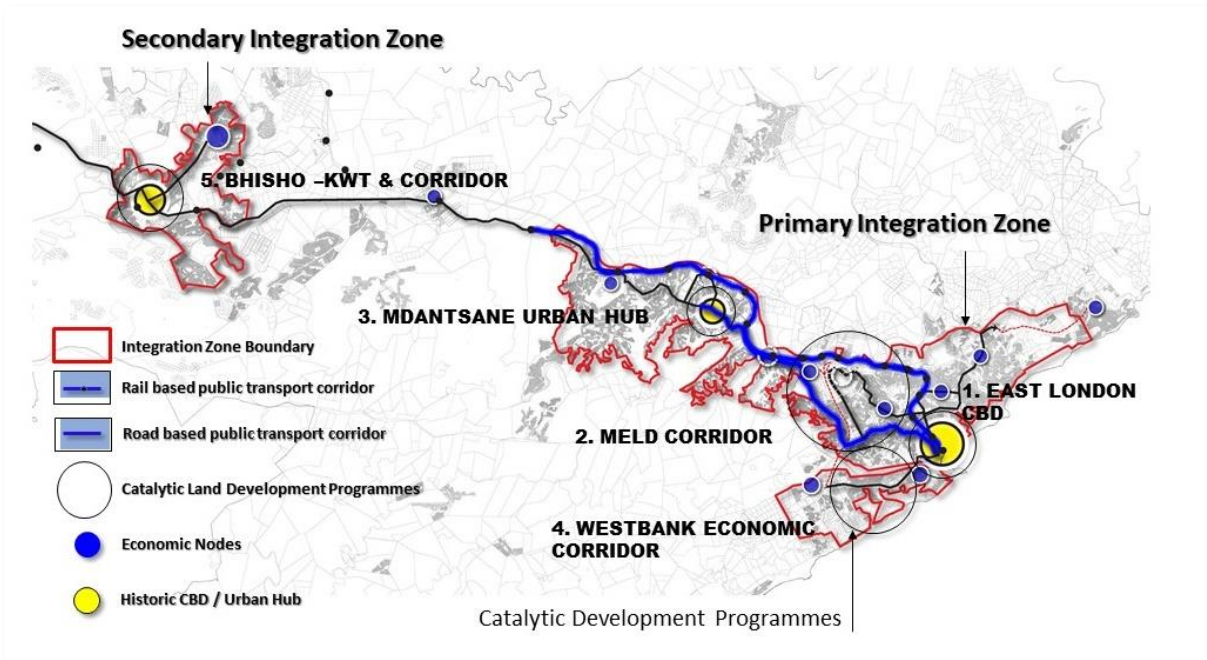


Figure 1. The spatial targeting approach of the BEPP

Over the past couple of years, 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 Corridor (MELD) Corridor Programme, the Mdantsane Urban Hub Programme, the West Bank Logistics Hub Programme and the Bhisho- Qonce (King Williams Town) - Zwelitsha Corridor Programme. In strengthening its economic outlook, the Metro has consciously and strategically pulled its economic nodes (Ntabozuko Economic Node, formally known as Berlin and Dimbaza Economic Node) which fell outside its integration zones and scientifically integrated them to its broader built environment development goals, future growth perspective and trajectory of the city.

The National Treasury's consolidated evaluation of the metro's plans for the financial year 2023/2024 commends the city for demonstrating a steady rise and a clear and consistent effort in its spatial targeting and budget prioritisation of catalytic interventions over the period from 2016/2017 to 2023/2024. Also commended is the city's clear line of sight and institutionalisation of its catalytic programmes and projects within its various planning documents including the Municipal Spatial Development Framework (2019-2024), the Built Environment Performance Plan (2023-2024) as well as the Integrated Development Plan (2023-24).

## **Electricity Services**

Through our Electricity and Energy department, we have been true to our mandate of ensuring efficient, effective, sustainable and orderly development and operation of electricity supply infrastructure in the BCMM licensed area of supply. We have done this by ensuring that the interests and needs of present and future electricity customers and end users are safeguarded and met. We have further facilitated investment in the electricity supply industry; and coordinated universal access to electricity as well as promoting the use of diverse energy sources and energy efficiency.

To meet this mandate, investment of capital funding into the electrical network has continued with investment of R 68.149 million into upgrading, refurbishing, and replacing equipment which has reached its useful lifespan. The Operational and Maintenance function requires adequate funding to ensure that the network is well maintained, and the network remains stable ensuring efficient, effective, sustainable, and orderly development and operation of electricity supply infrastructure in the BCMM-licensed area of supply into the future.

Funding remains a concern due to the increase in incidents of theft and vandalism as well as invasion of land. This often leads to the growth of informal settlements and the concomitant increase of illegal connections, thus increasing electricity losses. Due to the above abnormal conditions, we have spent 90 percent of the electricity operational budget replacing and repairing the network to provide a continuous service. This work takes priority over normal maintenance, which then leads to deferred maintenance which also has a compromising effect on the network.

In the year under review, we have achieved the following with regards to electricity:

- Electrification of 343 low-income dwellings at a cost of R 8,4 million in grant funding
- Investment of R 68.149 million into the electrical network in terms of upgrade, refurbishment, and renewal Installation of 6 high-mast lights at a cost of R 5 million

## **WATER AND SANITATION SERVICES**

### **Water Services**

BCMM constantly delivers bulk water services to accommodate all residents of the city. In the 2022/2023 financial year, approximately 1,923 households have been provided with water supply services for the first time within the minimum standards required by the legislation. This



equates to 0.8 percent of the total households, which leaves the water supply backlogs at 1 percent, translating to 250 530 households having access to the basic level of water supply services. The quality of water supplied to the consumers is monitored on a frequent basis as per the South African National Standards for Drinking Water (SANS 241) and World Health Organization (WHO) requirements and the City has achieved 98 percent compliance in the year under review.

The Eastern Cape Province has been on periodic prolonged severe droughts and flash floods that threaten water resources in all forms. The prolonged periodic droughts have shown us that Buffalo City can no longer rely on surface water alone in order to ensure security of supply to the City and we therefore initiated feasibility studies to explore water reuse and desalination. These studies are at advanced stages of completion and their results will inform our approach to water security.

Buffalo City is still confronted with high levels of non-revenue water, which is attributed to the free basic water provided to rural areas/informal settlements, ageing infrastructure, and billing issues. We are however implementing intervention measures to renew our infrastructure to reduce water losses. Our Water Department is currently reviewing the approved Water Conservation and Water Demand Management (WCWDM) strategy, which seeks to prioritise pressure management, bulk metering, leak detection, data logging, telemetry upgrades, meter audits, interventions beyond the water meter on indigent consumers etc. Non-revenue water is at 37.5 percent in the year under review, the 1.5 percent increase in non-revenue water can be attributed to the expansion of water supply to informal settlements and rural areas as well as additional villages that were previously under Amathole District Municipality and now Amatola Water has started to bill the city for the water consumption of those villages.

### **Sanitation Services**

The number of households with access to sanitation services has improved to 97 percent in the year under review, from 96 percent 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 municipality has also improved the provision of sanitation services in rural areas where we currently have backlogs. We have built and handed over 1 400 Ventilated Pit Latrine (VIP) toilets in the year under review. This achievement increased the number of VIP toilets installed to 60 655 since 2005. Similarly, new ablution facilities have been installed in informal settlements, with a total of 127 toilet seats with water points in the year under review.

### **Roads and Stormwater Services**

The Roads Branch had an annual capital budget allocation of R 401.2 Million for upgrading of roads, rehabilitation and resurfacing of surfaced roads, and regravelling of rural roads. An amount of R 98 Million was allocated under the operational budget for the maintenance of existing roads and road furniture.

Our roads department is currently busy with reviewing a tender document for the appointment of a professional service provider to carry out the compilation of the BCMM Pavement Management system. This will include inventory and condition assessment surveys for the entire roads, stormwater and bridges network.

The Pavement management system (PMS) is an important tool for the planning and management of the vast infrastructure network of roads. The condition assessments give a snapshot of the roads at a particular point in time. This enables the municipality to determine the condition and extent of the infrastructure under its control. This aids in determining budget requirements and assists in the identification and prioritisation of projects. These assessments provide valuable information on condition trends such as the rate of deterioration, the most common types of failures, and where they are occurring. The outputs also include the type of interventions required, and where to best utilise the available funding.

Climate change has accelerated the rate of deterioration with extended periods of drought causing cracking in the road surface, followed by periods of heavy rain causing the ingress of water into the road layer works. This accelerates the rate of deterioration of the road surface as water enters into the road layer works, ultimately leading to failures such as potholes, rutting and cracking.

Although BCMM is responsible for all municipal proclaimed roads within the municipal boundaries, there are other road authorities that operate within the BCMM boundaries namely:

- Provincial Department of Roads and Transport which is responsible for 472km of surfaced roads and 1083km of gravel roads within the BCMM area.

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

There is an ongoing collaboration between Sanral and BCMM in implementing various road projects within BCMM. These projects are crucial for our communities as they involve the development and maintenance of National roads within the region of Buffalo City.

The engagements between Sanral and BCMM have been instrumental in ensuring that our transportation infrastructure meets the necessary standards and serves the needs of our local residents.

Though there are engagements with regard to Provincial Roads, BCMM continues to experience challenges regarding the deterioration of these roads due to infrequent maintenance by the provincial government. This is a matter we continue to champion in the District Development Model forums.

### **Waste Management and Refuse Removal**

The Metro Growth and Development Strategy places a very high responsibility on our municipality regarding cleaning the city and creating a safe environment. We are expected to create a livable green city in addition to maintaining a suitable level of cleanliness. This requires us to work hard to clean the city, minimize environmental pollution and practice environmentally friendly waste management processes such as recycling and re-use.

Through our partnership with business partners, we have managed to establish several waste buy-back centres. These help to reaffirm the fact that keeping the city clean is a duty of each citizen, but they also put food on the table for many waste pickers. We thank the businesses organized by the Border Kei Chamber of Business, the BCMDA, Mercedes Benz and all other stakeholders who have made these projects a success. We now have waste buy-back centers in Nompumelelo Township, Duncan Village, Southernhood, Mzamomhle and Qonce.

The cleanliness of beach facilities and improved coastal access through the refurbishment of the Nahoon Main Beach boardwalk has benefited the beach users' including coastal access of vulnerable groups to the beach. Furthermore, we have prioritised the refurbishment of the Nahoon Point Nature Reserve Boardwalks which will stimulate tourism and enhance access by visitors who enjoy sightseeing in the reserve. The refurbishments in the main boardwalk have been completed whilst in the second boardwalk the service provider is on site.

Refuse removal is happening regularly in our city, and we are aiming to not only keep this but improve on it. We must acknowledge the help of various national organisations that are helping us through the Expanded Public Works Programme. We currently have several programmes

running in our Metro which are helping in drastically improving the state of cleanliness in our city.

### **Financial Sustainability**

The general state of our economy, particularly the rising unemployment rates and rising costs of living has negatively affected business and residents' ability to pay their municipal accounts. The growing debtor's book and underfunded mandates are some of the issues that cause a huge financial strain on the municipal coffers. The City had to adjust its spending levels downwards to counteract the decline in revenue collections. Improving the collection rate and decreasing debt impairment remains the City's immediate priority.

The City's financial health has declined as a result of the issues mentioned above. The City has limited liquidity sources to mitigate against the current cash flow pressures, this is confirmed by the Credit Rating for 2022/2023 which is (Long term: A(za) and short term: A1(za)) with the rating outlook being Negative.

The City makes an effort to remain within the National Treasury norms, kindly refer to section 1.4.3 for financial performance ratios of the City. Cost containment measures are being implemented by the City to achieve operational efficiency, 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, and 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.

The management of the city is working hard to improve the audit outcomes of the current reporting period, and this is done through the implementation of the Audit Action Plan. We are confident that this will see us improving our current audit opinion from a qualified opinion, to achieving successive unqualified audit opinions from AGSA. We know that this will not be easy and that it will not come overnight but we will not tire in our efforts of achieving it until we are successful.

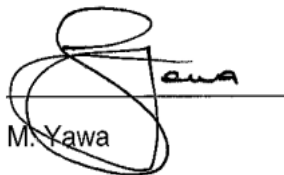
Buffalo City has institutionalized risk management throughout the institution and its championing is in the City Manager's office. This has led to significant improvements in the risk management culture and the management of risk is starting to be embedded into planning, daily operations and most importantly decision-making. We are however not in the desired maturity levels, but significant progress has been made during the year under review. The Council continues to monitor the implementation of the approved enterprise-wide risk

management framework which specifically addresses the structures, processes and standards implemented to manage risks on an institution wide basis.

The boundaries of Buffalo City did not change in the year under review as the ward delimitation process was not finalised by the Municipal Demarcation Board. Buffalo City thus still retains its 50 wards, with their boundaries and this is pending any outcome of the demarcation board.

The overall reading of this 2022/23 Annual Report shows that Buffalo City is a functional municipality that is actively busy with the task of delivering services to its residents. Though there are challenges, these are within the control of the leadership and the management of the city.

Thank you



M. Yawa  
City Manager

T1.1.1.

## **1.2 MUNICIPAL FUNCTIONS, POPULATION, AND ENVIRONMENTAL OVERVIEW**

### **INTRODUCTION TO BACKGROUND DATA**

#### **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 their primary duty being provision of water and sanitation services to the Municipality. The Amatola Water Board is an appointed WSP, providing bulk services to some areas of the Municipality. The municipal Water Division achieved 98% compliance with prescribed national water quality standards in the year under review.

The Sanitation Division set a target of 75% compliance of effluent quality from its WWTW. 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. In the year under review, the overall average compliance of the 15 WWTW reached 76%, falling below the prescribed minimum target of 90% as per the Green Drop Certification system.

Access to piped water has remained at 99% in the year under review. Similarly, access to adequate sanitation (Flush Toilets and VIPs) increased from 96% in the last financial year, to 97% in the year under review. BCMM is served by a total of seven water supply dams. Among these, six dams are owned by the national DWS and operated by the Amatola Water Board. Additionally, one (1) dam is owned and operated directly by the Municipality.

The national DWS is constitutionally mandated to oversee national resources, ensuring they meet the basic human needs of both present and future generations. This includes promoting equitable access to water and undertaking measures to reduce and prevent pollution of water resources, among other responsibilities. Nevertheless, the region faces substantial challenges to water supply security due to climate change and severe droughts. Dams in the municipal area encounter difficulties in filling up annually. However, there has been a notable improvement in dam levels since the floods of 8 January 2022.

#### **ELECTRICITY**

As per the National Energy Regulator of South Africa (NERSA) license granted to the BCMM Electricity and Energy Department, the Department is authorised to deliver electrical services exclusively to the BCMM areas specified in the license. These areas are predominantly situated within the designated urban edge.

The NERSA license issued to Eskom allows for the provision of electrical services outside the urban edge. The existence of two licensed areas of supply has resulted in discrepancies in service delivery, particularly in aspects such as the installation and services of street lighting. These challenges are not unique to Buffalo City; they are being addressed at the national level, as many municipalities face similar issues arising from the differing standards associated with the two interties.

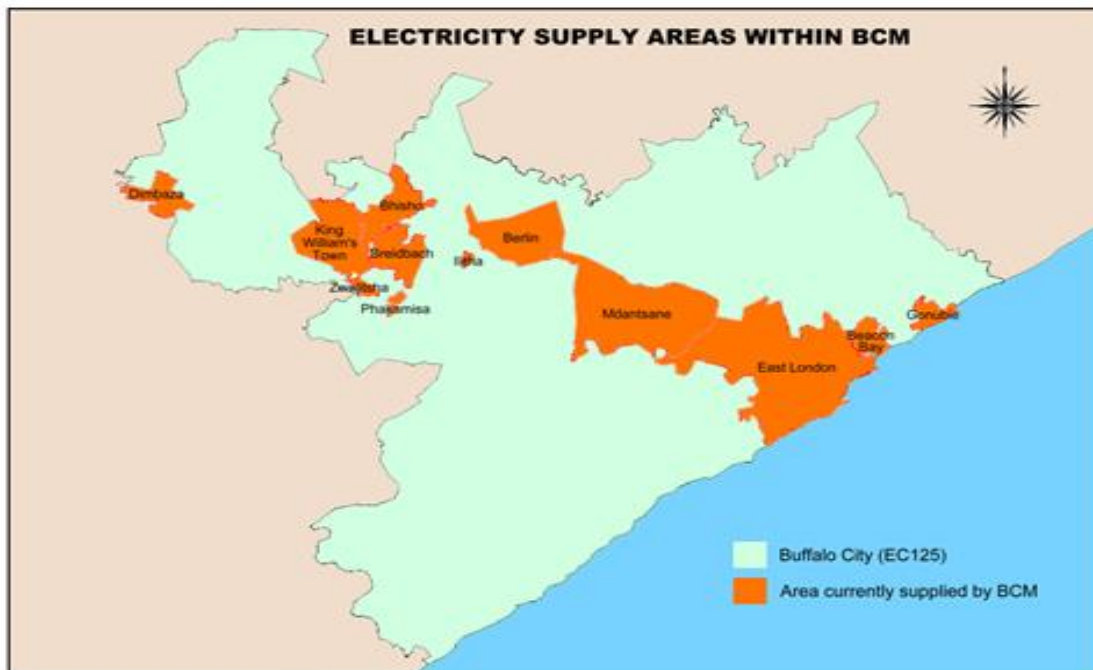


Figure 1: Electricity supply areas within BMC

BCMM's Electricity Department is mandated to deliver a safe, reliable, and effective service to all legal consumers within the licensed area. Despite BCMM's efforts to fulfil this mandate, there are challenges beyond the Department's control that hinder service delivery:

The increase in informal dwellings resulting from the migration of rural individuals in search of employment has resulted in illegal connections. These unauthorised connections overload the electrical network, causing disruptions in service to the community that is legally entitled to it.

Vandalism and theft have substantially increased, adversely affecting electrical services. Funds allocated for essential maintenance are diverted to repair and replace the vandalised and stolen electrical network. This shift in funding and manpower for repair work results in essential maintenance being deferred. The deferral of maintenance has further consequences, as equipment is utilised beyond the manufacturer's recommendations, necessitating more extensive maintenance, refurbishment, and in extreme cases, replacement.

## **HOUSING**

During the 2022/2023 financial year, the Directorate of Human Settlements successfully delivered 363 top structures and fully serviced 378 individual sites. This contributes significantly to the long-term programme aimed at eliminating informal settlements by providing essential services to those residing in such areas.

Through rigorous planning, design, and collaboration with key stakeholders, such as the National Department of Human Settlements, Provincial Department of Human Settlements, and the Housing Development Agency (HDA), we have engaged in the signing of protocol agreements to delineate roles and responsibilities for each party involved. The HDA is set to deliver approximately 3 647 housing units in the upcoming financial years, in addition to projects already under implementation by BCMM.

## **SOLID WASTE MANAGEMENT SERVICES**

The Solid Waste Management Services Department extends waste management services to 223 568 households across the three regions – Coastal, Midland, and Inland. This encompasses the delivery of services in both formal and informal areas within the BCMM.

The Department has three (3) units, viz:

Operations

Waste Minimisation, Education & Planning

Landfills and Transfer Stations.

## **LOCAL ECONOMIC DEVELOPMENT**

The government holds a constitutional mandate to foster socio-economic development. Local government, in turn, is responsible for creating a conducive environment for investment, promoting local beneficiation, nurturing an ingrained entrepreneurial culture, maintaining an ample talent pool aligned with market needs, establishing an enabling policy environment for business activities, and developing necessary economic infrastructure, among other factors.

In the 2022/23 financial year, Buffalo City Metro (BCM) witnessed a notable economic recovery, with key sectors and local businesses rebounding from the impact of the COVID-19 pandemic. While still elevated, the levels of economic strain in BCM saw a decrease during this period. Throughout the year, BCM remained committed to supporting Small, Medium, and Micro Enterprises (SMMEs), informal traders, the tourism industry, emerging farmers, as well as existing and potential investors and exporters.

T1.2.1



Table 2: Population details

Population Details									
									Population '000
Age	2020/2021			2021/2022			2022-2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	30638	29806	60444	28542	27817	56359	27117	26946	54063
Age: 5 - 9	36,114	35,050	71,164	32,693	31,619	64,312	31907	30956	62863
Age: 10 - 19	68,961	67,108	136,069	71,333	69,416	140,749	70984	69161	140145
Age: 20 - 29	54,729	52,192	106,921	50,361	47,844	98,205	48041	45343	93384
Age: 30 - 39	67,550	64,777	132,327	65,125	62,002	127,127	56852	59346	116198
Age: 40 - 49	54,033	56,854	110,887	55,632	30,740	86,372	57526	58584	116110
Age: 50 - 59	35,758	48,173	83,931	37,385	47,972	85,357	39753	49424	89177
Age: 60 - 69	24,333	37,430	61,763	24,607	38,556	63,163	25778	40788	66566
Age: 70+	13,179	24,261	37,440	11,519	17,941	29,460	15858	29400	45258

Source: Statistics SA  
T 1.2.2

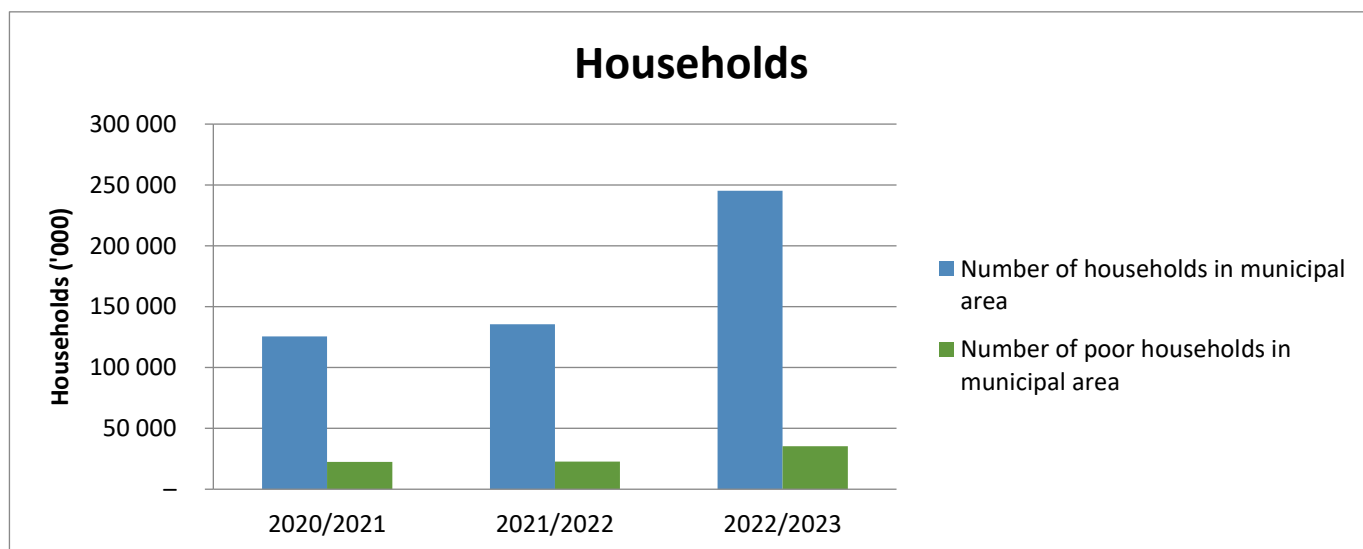


Figure 2: Number of households

T1.2.3.

Table 3: Socio-economic status

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
2020/2021	19%	22%	26%	44%	10%	27%
2021/2022	20%	23%	26%	48%	15%	37%
2022/2023	21%	24%	26%	52%	20%	44%
T 1.2.4						

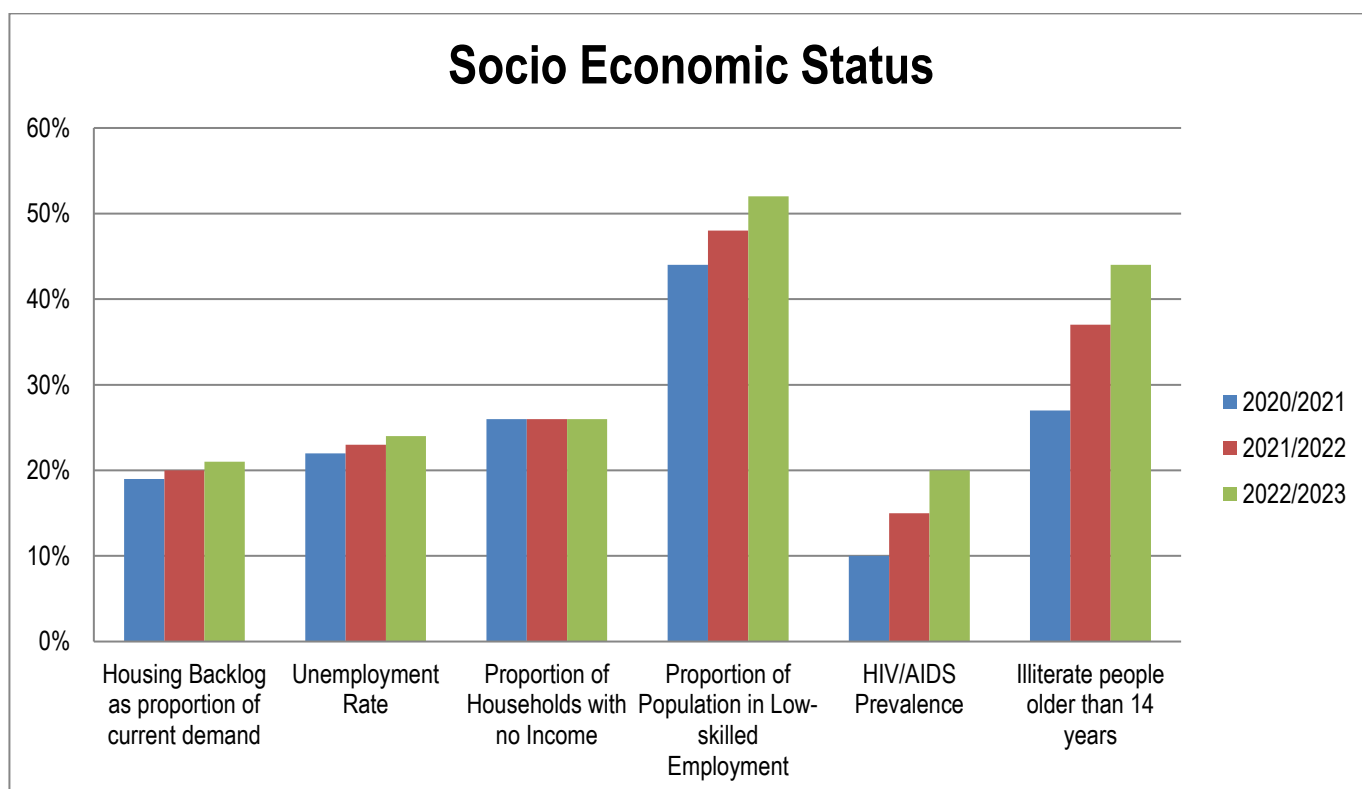


Figure 3: Socio-economic status

T1.2.5.

Table 4: Settlement type

Overview of Neighbourhoods within Buffalo City Metropolitan Municipality		
Settlement Type	Households	Population
<b>Towns</b>		
East London		320 000
Macleantown		63 000
Qonce		219 000
Sub-Total	0	602 000
<b>Townships</b>		
Mdantsane		256 000
Sub-Total	0	256 000
<b>Rural settlements</b>		
Sub-Total	0	0
<b>Informal settlements</b>		
Buffalo City Informal Settlements		62 980
Sub-Total	0	62 980
<b>Total</b>	<b>0</b>	<b>858 000</b>
T 1.2.6		

Table 5: Natural resources

NATURAL RESOURCES	
MAJOR NATURAL RESOURCE	RELEVANCE TO COMMUNITY
Ocean	Maritime industry Water sports (surfing, snorkelling, scuba diving, etc.) International trade Tourism & Leisure (Waterfront) Mariculture & Fisheries
Agricultural Land (arable and grazing)	Agriculture and agro-processing Food security
Water Bodies (Dams, Rivers and Weirs)	Water sport Agricultural irrigation Water supply

	Aquaculture (Fresh-water farming)
Forests	Manufacturing Job creation
Mineral Resources	Mineral beneficiation Job creation
Fauna & Flora	Medicinal products Nature conservation Tourism development Improved health and livelihoods
Game (wild animals)	Conservation Tourism Exports
Livestock	Farming Exports Manufacturing (agro-processing)

T 1.2.7

## **SERVICE DELIVERY OVERVIEW**

### **SERVICE DELIVERY INTRODUCTION**

#### **WATER AND SANITATION**

The BBCMM is currently supplying 6 kilolitres of free basic water per month to all registered indigent consumers within the formal settlements in urban areas, and to unregistered rural and informal settlements. Approximately 250 530 households have access to basic water supply and approximately 246 692 households have access to basic sanitation services in the form of either flush toilets in urban areas or VIPs in rural areas. The remaining percentage of consumers have a form of water supply, albeit below basic level of service. This is facilitated through a water cart that delivers water to strategically positioned polymer tanks or directly into hand-held drums.

Budgetary constraints, coupled with aging infrastructure, pose significant challenges to enhancing access to basic water services and maintaining the existing infrastructure. The absence of water network integration in certain areas, particularly rural systems, complicates the optimisation of available water resources and hinders service continuity, even in cases of infrastructure breakdown. The rising incidents of sewage overflows, attributed to the deposition of foreign objects into the system, theft, vandalism, illegal electricity connections, and insufficient sewer capacity in certain catchments, pose a significant threat to the environment. This results in prolonged sewage spillages, increasing health hazards for our communities.

## **ELECTRICITY**

The Electricity Department's mandate is to supply electricity efficiently, reliably, and safely to all legal electricity consumers in BCMM. The license issued to BCMM mandates the Electricity Department to adhere to NRS 047 (National Rationalised Specifications in accordance with the Electricity Regulation Act, No 4 of 2006) Quality of service and NRS 048 Quality of supply standards.

The Electricity Department provides the required service through its three sections, which are:

iii) **Development, Contracts and Asset Management:** This section oversees the management of the design, installation, renewal, and upgrading of electrical assets. Its responsibility is to ensure that the electrical service adheres to best practices and utilises optimal equipment, covering both formal and informal electrification to align with the government's policy of universal access.

ii) **Operation and Maintenance:** This section is responsible for the operations and maintenance of the electrical network, ensuring it operates in accordance with high voltage (HV) standards and maintaining the electrical network as per established schedules. Additionally, a 24-hour standby service is provided to consumers.

iii) **Customer Care and Revenue Protection:** This section is responsible for safeguarding BCMM's electrical revenue. This involves removing illegal connections, identifying individuals engaged in illegal connections for prosecution, and investigating theft of BCMM electrical equipment. Additionally, this section provides advice and information to consumers regarding the provision of electricity services.

## **SOLID WASTE MANAGEMENT SERVICES**

The Department of Solid Waste Management Services is tasked with providing waste management services, operating through dedicated Operations Units in all three regions (Inland, Midland, and Coastal regions). These units are responsible for various tasks, including street sweeping, refuse removal, gutter clearance, and the clearance of illegal dump sites.

Refuse removal services are currently available in 15 areas in the Coastal region, seven in the Midland region, and 12 in the Inland region. These services adhere to the recognised refuse collection schedule, annually communicated to BCMM residents. This systematic approach ensures that the citizens of the City reside in an environment that is not detrimental to their health, and it contributes to the overall enhancement of the City's aesthetics.

This service is provided to all residents, including indigent members of the community. In this regard, the Department has strengthened operations towards street cleaning, litter picking, gutter clearance, and refuse collection through its Integrated Rapid Response Team (IRRT) and Public Employment Programme (PEP) in

informal and formal settlements. These interventions have resulted to reduction of overtime, improved cleanliness, increased operation efficiency, and the formation of new business partnerships.

The Waste Minimisation, Education & Planning Unit is responsible for developing programmes and initiatives that seek to promote waste minimisation, recycling, recovery, reuse, and diversion of waste from disposal to landfill sites.

T 1.3.1

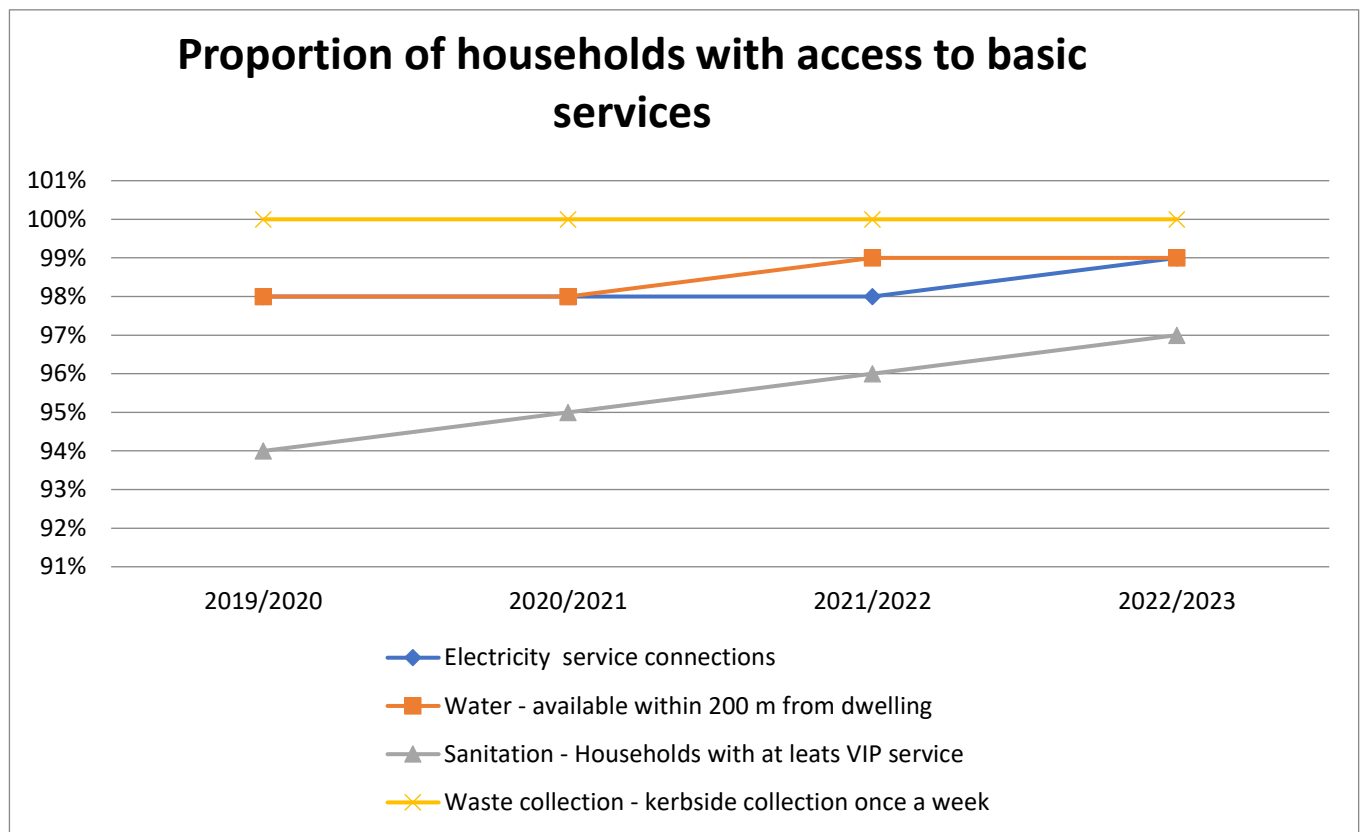


Figure 4: Proportion of households with access to basic services

**COMMENT ON ACCESS TO BASIC SERVICES:**

**Water Supply Services**

In the year under review, the BCMM has achieved a 99% access to basic water supply services. Approximately 1% of households, primarily located in rural areas, remain under-served. These rural villages currently receive water supply through a water cart delivering water to strategically positioned polymer tanks or into hand-held drums. While this arrangement is considered a temporary measure and does not align with minimum standards,

ongoing efforts are being made to extend access to adequate water supply services to these villages in the short to mid-term.

To achieve this, a combination of bulk water infrastructure and reticulation is essential to provide an adequate level of water services to approximately 2 947 households.

### **Sanitation Services**

In the year under review, the BCMM has attained a 97% access to basic sanitation services. Around 3% of households, primarily located in informal settlements in urban and rural areas, remain under-serviced. While the Municipality is actively working to provide ablution facilities in informal settlements, aiming for a targeted rate of 1 flush toilet seat for every 10 households, there are still areas within informal settlements where sanitation services fall below the established target.

Providing sanitation services in informal settlements is a dynamic challenge due to the emergence of several new informal settlements in various areas across the Municipality. Vandalism of existing ablution facilities provided to some informal settlements poses a significant hurdle. Currently, approximately 3 745 households in rural areas lack sanitation services. The Municipality strives to supply new VIPs to rural areas at an annual rate ranging between 1 500 and 3 000, depending on the available budget.

The ongoing programme to eliminate the sanitation backlog in rural areas is anticipated to conclude within the next 3–5 years. However, there is an escalating challenge associated with the required emptying of existing VIPs provided in the last 10–20 years.

### **Electricity Services**

The BCMM Electricity and Energy Department undertakes electrification projects within the BCMM license area, aligning with the Department of Energy's policy of universal access. This expansion of access includes informal areas that fulfil the basic electrification criteria. Funding for these projects is allocated through grants, with the National Treasury Urban Settlement Development Grant (USDG) designated for formal electrification and the Informal Settlement Upgrading Partnership Grant dedicated to informal settlements.

All low-income dwellings receive a basic electrical service, registering with the Finance Department for a 40-amp supply and access to the network. To ensure that every household connected to the BCMM Electrical network has access to electricity and can benefit from the service, indigent consumers receive a monthly allocation of 50 free units.

Indigent consumers connected to the electricity grid receive an additional benefit, wherein the subsidised service connection fee is waived, and the connection is provided at no cost to the indigent consumer.

## COMMENT ON BACKLOGS

When addressing the electricity backlog, three key elements come into play:

The backlog in terms of universal access pertains to the electrification of new formal RDP (Reconstruction and Development Programme) dwellings. For BCMM, this backlog is approximately 1%, with only recently constructed dwellings remaining unelectrified. Typically, these dwellings are electrified within one or two years of the housing project's completion, and the current backlog stands at around 2 000 dwellings.

In 2012, the BCMM Council made the decision to electrify informal dwellings. Informal dwellings, therefore, constitute a backlog, with an initial estimate of 45 000 dwellings. This number has likely increased due to land invasion and growth in existing informal settlements.

To date, the Electricity and Energy Department has electrified 8 000 dwellings. The implementation of a new methodology called re-blocking has been introduced to expedite the electrification of informal settlements.

The re-blocking methodology takes into account several factors, including landownership, available space, stability of the settlement, and the ongoing growth of the settlement. This approach involves the clearing of access ways to ensure that electrification, as well as other services, can be installed in a safe and maintainable manner. This process has been hampered by continued growth in the settlement under consideration.

Once communities become aware of a potential project, informal settlements often experience rapid expansion. For instance, in an area initially identified with 300 informal dwellings and sufficient space for relocating and re-blocking dwellings outside the defined developable area, the settlement expanded to over 600 informal dwellings. This expansion significantly alters the project's dynamic, design, and the relocation and re-blocking process, as the available space is no longer adequate. Consequently, this setback necessitates a return to the planning stage of the project.

Table 6: Comments and mitigation measures

COMMENTS	MITIGATION MEASURES
Inadequate fleet for Solid Waste Management to effectively provide refuse collection due to insufficient budget.	To explore alternative sources of funding through applications for donor funding from potential funders, establishment of public-private partnerships, and grants.
Frequent breakdown of trucks and poor turnaround time for repairs	Provision of plant hire to augment fleets toward sustained provision of refuse collection services.



Uncoordinated registration of businesses within residential sites which results to increased volumes of waste.	Proper coordination of business registrations for converted residential sites to improve planning and implementation of refuse collection.
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T 1.3.3

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

In these tough economic times, strong revenue and expenditure management is fundamental to the financial sustainability of the municipality which is critical in terms of achieving the City's service delivery and economic objectives. The reality is that the City is faced with development backlogs that emanate from historical background. Furthermore, economic circumstances, such as increasing rates of unemployment and poverty impact the ability of households to pay their accounts. Section 1.4.3 on financial ratios give a broader perspective of the financial health of the City.

Cost containment measures that are in line with MFMA Circular 82 and the City's cost containment policy are being implemented in an effort to achieve operational efficiency and to avoid deficits.

In the year under review, the City realised a deficit of R0.285 billion compared to a deficit of R0.337 billion in the 2022/2023 financial year. This reflects a favourable variance of R0.52 billion in comparison to the budgeted deficit of R0.337 billion.

Total revenue realised was below the expected budget by a variance of R0.789 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 an unfavourable variance of R0.850 billion. Refer to chapter 5 for further details.

The statement of financial position for 2022/2023 reflects a favourable position as the Metro is having excess assets over liabilities resulting into the net worth of R26.147 billion.

The Metro's Cash and Cash Equivalent at year-end amounted to R0.679 billion, a decline from the R0.697 billion held at the end of 2021/2022 financial year. The City can still meet its immediate obligations.

T 1.4.1

Financial Overview: 2022/2023				R' 000
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants	2 917 654	2 937 759	174	1 936
Taxes, Levies and tariffs	4 253 303	4 173 303	315	3 766
Other	2 435 557	2 485 599	789	3 095
<b>Sub Total</b>	<b>9 606 514</b>	<b>9 596 661</b>	<b>278</b>	<b>8 798</b>
Less: Expenditure	10 082 646	9 933 822	278	9 083
Net Total*	132) (476	161) (337	000)	(285
* Note: surplus/(defecit)				T 1.4.2

Operating Ratios	
Detail	%
Liquidity Ratio	1,34 : 1
Cost Coverage	0,8
Total Outstanding Service Debtors	54,9%
Debt Coverage	114,5
Efficiency	100%
Capital Charges to Operating Expenditure	0,7%
Employee Costs as a percentage of Operating Expenditure	28,1%
Repairs & Maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions)	5,1%
T 1.4.3	

#### COMMENT ON OPERATING RATIOS:

**Liquidity Ratio:** The rate of 1.3:1 is regarded as being below 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 0.8 month and is below the National Treasury norm of between 1 - 3 months.

**Total Outstanding Service Debtors:** The rate of outstanding service debtors is currently at 54.9%. 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 2023. This indicates that the Metro's long-term debt is decreasing and is due to the City not taking up additional loan funding during 2022/2023 financial year. The City has capacity to take on additional financing from borrowing to invest in infrastructure projects, however, due to weak economic performance as well as a weak collection rate, the process for additional loans is undertaken with caution.

**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 0.7% in 2022/2023 financial year. The City has capacity to take on additional financing from borrowing to invest in infrastructure projects, however, due to weak economic performance as well as a weak collection rate, the process for additional loans needs to be undertaken with caution.

**Employee Costs as a percentage of Operating Expenditure:** The rate of 28.1% is within the norm of 25% - 40%.

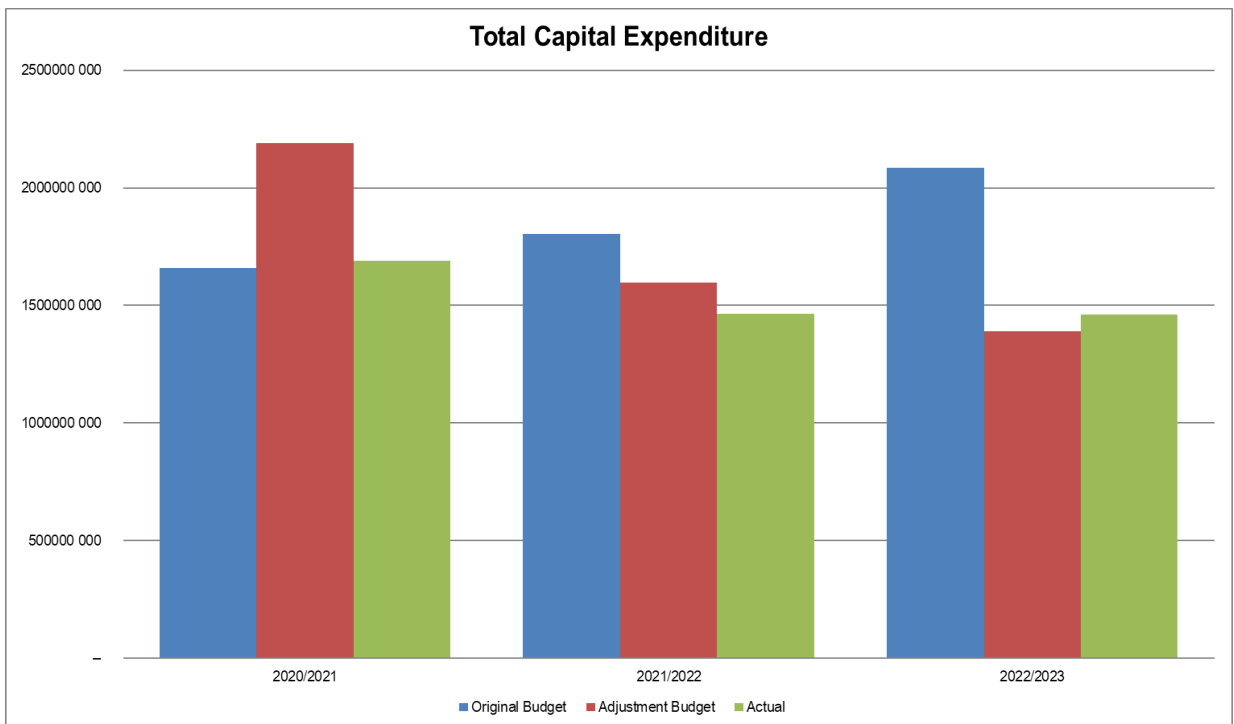
**Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions):** This represents the proportion total Repairs and Maintenance when compared with Property, Plant and Equipment and Investment Property at carrying value. The rate remains below the norm of 8% for the City as it is at 5.1%. The City is augmenting its assets maintenance programme by using part of its own funding towards capital investment on renewal of existing assets.

T 1.4.3

**Total Capital Expenditure: 2020/2021 - 2022/2023**

R'000

Detail	2020/2021	2021/2022	2022/2023
Original Budget	1 659 989	1 803 592	2 086 362
Adjustment Budget	2 189 745	1 598 261	1 391 192
Actual	1 690 102	1 465 623	1 462 280
			T 1.4.4



T 1.4.5

**COMMENT ON CAPITAL EXPENDITURE:**

The City's capital expenditure for the year under review amounted to R1.462 billion which represents 105% inclusive of vat of its capital budget spent compared to 2021/2022 financial year which was R1.466 billion that represented 92% of the city's capital budget spent.

The capital expenditure incurred in the 2022/2023 financial year was funded through grants and subsidies and own funding. Buffalo City Metropolitan Municipality spent 100% 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 110% of its total own funded capital budget.

T 1.4.5.1

## **ORGANISATIONAL DEVELOPMENT OVERVIEW**

### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

The Metro Growth & Development Strategy (vision 2030): Which states that imperatives implemented through the IDP for 2022/23 include programmes that require rigorous planning and quality organisational performance reporting. The translation of the broad objectives of the BCMM's development plans and strategies into real results depends on the existence of a capable & productive workforce.

Performance management is a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

T 1.5.1

## **1.6. AUDITOR-GENERAL'S REPORT**

Buffalo City Metropolitan Municipality received a qualified audit opinion during 2022/2023 financial year. The detailed Auditor-General's report is outlined and attached in Chapter 6 of this Annual Report.

T1.6.1.

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframes
1.	Inception meeting with all relevant stakeholders to outline the process	July 2023
2.	Outlining the Annual Report process to Top Management	
3.	Compiling Performance information taken from all Directorates	
4.	Tabling of Annual Performance Report 2022/2023 to the Top Management	
5.	Submit the Annual Performance Report to Audit Committee	August 2023
6.	Submission of Section 46 Report and draft Annual Financial Statements to AG	
7.	1st draft Annual Report tabling to Top Management	October 2023
8.	2nd draft Annual Report tabling to Top Management	
9.	Submission of Draft Annual Report to Internal Audit	November 2023
10.	Submission of Draft Annual Report including Annual Financial Statements to Auditor General for auditing	
11.	Facilitate and respond to the Auditor General on the queries raised on the Annual Report	
12.	Presenting the final Annual Report to Top management	December 2023
13.	Submission of Final Draft to City Manager & Sign off Final Draft by Executive Mayor and City Manager	
14.	Tabling of Annual Report to Council	January 2024

15.	Submission of tabled Annual Report to Auditor-General, Provincial Treasury and Local Government and Human Settlement	February 2024
16.	Submission of Annual Report to the Municipal Public Accounts Committee for oversight and Speaker's Office for public participation	
17.	Oversight of the Annual Report by Municipal Public Accounts Committee	
18.	Invitation of public comments on Annual Report, Consideration of public comments and formulation of oversight report	March 2024
19.	Consideration and adoption of Annual Report and Oversight Report by Council	
20.	Submission of Annual Report and Oversight Report to Auditor General, Provincial Treasury and Provincial Department of Local Government and Human Settlement	
21.	Submission of final Annual Report and Oversight Report to Eastern Cape Provincial Legislature	
22.	Publication of final Annual Report (website and other media)	April 2024

## STRUCTURE AND COMPONENTS OF 2022/2023 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 four components, i.e: 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**

Section 121 (1) of the MFMA requires that the municipality and every municipal entity must for each financial prepare an annual report. In addition to that Section 127 (2) of the MFMA further set 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. 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. BCMM has met and is within the timelines it has set. 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.

T 1.7.1.1

# CHAPTER 2

## CHAPTER 2: GOVERNANCE

### INTRODUCTION TO GOVERNANCE

The governance of BCMM is based on Section 152(2) of the Constitution (Republic of South Africa [RSA], 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 gets supported through Section 80 committees, which are chaired by the Portfolio Heads. The Executive Mayor and the Municipal Manager (referred to as the 'City Manager') embody the relationship between the political and administrative governance of the municipality. Both are entrusted with the responsibility of ensuring a proper and stable relationship between political and administrative governance. To that end, the Executive Mayor and the Municipal Manager are responsible for both policy formulation and implementation. They serve as a bridge between Council meetings, being accountable to Council for their actions.

The Intergovernmental Relations Framework Act (IGRFA), 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 an IGR system is to promote co-operative decision-making; ensure the execution of policies through the effective flow of communication; co-ordinate priorities and budgets across different sectors; and prevent disputes and conflicts between spheres of government.

The 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 serves as a platform for interaction between the City and the community.

## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

The political and administrative governance of the BCMM is predicated on the Constitution (RSA, 1996); the Local Government Structures Act, No. 117 of 1998; the Local Government Systems Act, No. 32 of 2000; MFMA, No. 56 of 2003, and other applicable pieces of legislation.

The Executive Mayor and the Municipal Manager (referred to as the 'City Manager') embody the relationship between the political and administrative governance of the municipality. Both are entrusted with the responsibility of ensuring a proper and stable relationship between political and administrative governance. To that end, the Executive Mayor and the Municipal Manager are responsible for both policy formulation and implementation. They serve as a bridge between Council meetings, being accountable to Council for their actions.

T2.1.0

### **2.1. POLITICAL GOVERNANCE**

#### **INTRODUCTION TO POLITICAL GOVERNANCE**

In accordance with legislative requirements, BCMM is mandated to have functional structures that must effectively fulfil the assigned roles and responsibilities outlined in the Municipal Structures Act.

T2.1.1

## POLITICAL STRUCTURE



**EXECUTIVE MAYOR: CLLR P. FAKU**



**SPEAKER: CLLR: H. MAXEGWANA**



**CHIEF WHIP: CLLR: N. MHLOLA**

**MAYORAL COMMITTEE**



**Cllr. G.M. LOTTERING**  
Sport Recreation and  
Community Development



**Cllr K. TOM**  
Corporate Services



**Cllr Y. TYALI**  
Infrastructure Services



**Cllr S. NTSASELA**  
Economic Development &  
Agencies



**Cllr S. MATWELE**  
Spatial Planning &  
Development



**Cllr H.E NEALIE- MAY**  
Public Safety & Emergency  
Services



**Cllr M. MFAZWE**  
Human Settlements



**Cllr N. MAXONGO**  
Finance Services

### **T 2.1.1**

#### **THE COUNCIL**

Council is the highest decision-making structure of the BCMM, governing the local government affairs of the City. The Council carries out its core functions by exercising both legislative and executive authority over the Municipality's administrative processes.

The legislative arm of Council is composed of 100 Councillors and three Traditional Leaders. It is led 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.

Furthermore, Section 41A of the Local Government Municipal Structures Amendment Act, No. 3 of 2021, has since introduced the Whip of the Municipal Council. The role of the Whip of the Municipal Council is defined clearly in Section 41B of the aforementioned Act.

The Council has Section 79 Committees that are responsible for oversight. 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 (Please refer to Appendix B of this annual report for the purpose of these committees). 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 six (6) Oversight Committees that are under supervision of the Speaker of Council: Below is the list of these committees and their members:

**1. RULES COMMITTEE MEMBERS**

**1.1 Cllr C.H.M. Maxegwana (Chairperson) (ANC)**

1.2 Cllr P. Bernado (ACDP)

1.3 Cllr K. Ciliza (ANC)

1.4 Cllr B. Kalani (ANC)

1.5 Cllr A. Majeke (DA)

1.6 Cllr N. Mcwabeni (ANC)

1.7 Cllr N. Mndi (ANC)

1.8 Cllr S. Nkungwini (EFF)

1.9 Cllr B. Sauli (ANC)

1.10 Cllr G. Walton (DA)

**2. PETITIONS MANAGEMENT COMMITTEE (PMC) MEMBERS**

**2.1 Cllr M.L. Nyusile (Chairperson) (ANC)**

2.2 Cllr K. Ciliza (ANC)

2.3 Cllr M. Daniso (ANC)

2.4 Cllr J. Green (DA)

2.5 Cllr Y. Masiki (EFF)

2.6 Cllr Z. Mtyingizane (ANC)

2.7 Cllr V. Siboyana (ANC)

2.8 Cllr D. Theron (FFP)

2.9 Cllr M. Wetsetse (ANC)

2.10 Cllr K. Zonke (DA)

**3. SOCIAL FACILITATION COMMITTEE (SFC) MEMBERS**

**3.1 Cllr A. Ralasi (Chairperson) (ANC)**

3.2 Cllr B. Bangani (ANC)

3.3 Cllr C. Mxabanisi-Gakrishe (ANC)

3.4 Cllr K. Majeke (ANC)

3.5 Cllr P. Jaxa (ANC)

3.6 Cllr P. Hansen (ANC)

3.7 Cllr N. Luhadi (EFF)

3.8 Cllr M. Mashiya (ATM)

3.9 Cllr L. Stewart (DA)

3.10 Cllr D. Vallabh (DA)

**4. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) MEMBERS**

**4.1 Cllr S. Caga (Chairperson) (ANC)**

4.2 Cllr A. Gunyazile (ANC)

4.3 Cllr M. Hlekiso (EFF)

4.4 Cllr P. Jaxa (ANC)

4.5 Cllr A. Majeke (DA)

4.6 Cllr M.J. Mashiya (ATM)

4.7 Cllr B. Sauli (ANC)

4.8 Cllr L. Mzekeli (ANC)

4.9 Cllr G.K. Walton (DA)

**4.10 One (1) Vacancy**

**5. WOMEN'S CAUCUS MEMBERS**

**5.1 Cllr Z. Mtyingizane (Chairperson) (ANC)**

5.2 Cllr K.T. Faku (ANC)

5.3 Cllr N.M. Goci (ANC)



- 5.4 Cllr L. Hali (DA)
- 5.5 Cllr A. Majeke ((DA)
- 5.6 Cllr C. Mxabanisi-Gakrishe (ANC)
- 5.7 Cllr V. Siboyana (ANC)
- 5.8 Cllr D. Theron (FFP)
- 5.9 Cllr N.E. Tshabe (EFF)
- 5.10 Cllr N. Whittington (ANC)

## **6. ETHICS COMMITTEE MEMBERS**

**NB. Not yet adopted by Council**

There is also a Multi- Whips Committee which consists of chief whips of different political parties that constitute BCMM Council. This committee is under the supervision of the Council Chief Whip from the majority party. The members of this committee are as follows:

### **MULTI -PARTY WHIPS COMMITTEE**

- i. Ntombizandile Mhlola – Chairperson
- ii. Thulani Tempa
- iii. Pumezo Jaxa
- iv. Bongwiwe Sauli
- v. Kholiwe T. Faku
- vi. Bonisani Bangani
- vii. Ntsika Qali
- viii. Cynthia Mxabanisi-Gakrishe
- ix. Monica Goci
- x. Zininzi Mtyingizane
- xi. Andries Petrus Bernardo
- xii. Mandisa Joy Mashiya
- xiii. Anathi Majeke
- xiv. Kwanele Zonke
- xv. Ayanda Gcobo

- xvi. Anele Jonathan Skoti
- xvii. Deborah Anne Theron
- xviii. Siyabonga Rumbu

Section 79 Committees that are under supervision of the Executive Mayor: The Executive Mayor is the leader of the Mayoral Committee which is constituted of 10 portfolios. Below is the list of these committees and their members.

**1. STRATEGIC DEVELOPMENT PORTFOLIO COMMITTEE**

- 1. Cllr P. Faku (Executive Mayor & Chairperson)
- 2. Cllr L. Gqola
- 3. Cllr P. Hansen
- 4. Cllr V.D. Knoetze
- 5. Cllr M.J. Mashiya
- 7. Cllr J.S. McDowell
- 8. Cllr O. Mhlauli
- 9. Cllr V.A. Mrwebi
- 10. Cllr S.P. Rumbu
- 11. Cllr M. Tutu
- 12. Cllr 1 Vacancy

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

**2. CORPORATE SERVICES PORTFOLIO COMMITTEE**

1. Cllr N.C. Tom (Chairperson)
2. Cllr R.E. Angelbeck
3. Cllr A.P. Bernardo
4. Cllr S.P. Gida
5. Cllr A. Gunyazile
6. Cllr O. Mangxola
7. Cllr M. Mfene
8. Cllr O. Mhlauli
9. Cllr A. Nkala
10. Cllr S.G. Skepe

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

### **3. SPATIAL PLANNING AND DEVELOPMENT PORTFOLIO COMMITTEE**

1. Cllr S.T. Matwele (Chairperson)
2. Cllr L. Hali
3. Cllr V.A. Holmes
4. Cllr B. Kalani
5. Cllr N. Luhadi
6. Cllr D.A. Mahanjana
7. Cllr N. Mndi
8. Cllr S. Phandliwe
9. Cllr N.C. Stemela
10. Cllr D.A. Theron

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

### **4. ECONOMIC DEVELOPMENT AND AGENCIES PORTFOLIO COMMITTEE**

1. Cllr S. Ntsasela (Chairperson)
2. Cllr K. Ciliza
3. Cllr K.T. Faku

4. Cllr A. Gcwabe
5. Cllr M. Kosani
6. Cllr N.L.N.  
Kumbaca
7. Cllr M.J. Mashiya
8. Cllr S.P. Rumbu
9. Cllr D. Vallabh
10. Cllr M. Wetsetse

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

#### **5. SPORTS, RECREATION AND COMMUNITY DEVELOPMENT PORTFOLIO COMMITTEE**

1. Cllr G.M. Lottering (Chairperson)
2. Cllr A.P. Bernardo
3. Cllr S. Booi
4. Cllr Z.A. Dywili
5. Cllr S.M. Hoffman
6. Cllr M. Mcako

7. Cllr K.H. Mpupha
8. Cllr A.S. Nokoyo
9. Cllr A.A. Phetani
10. Cllr L.A. Stewart

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

#### **6. FINANCE PORTFOLIO COMMITTEE**

1. Cllr N. Maxongo (Chairperson)
2. Cllr K. Ciliza
3. Cllr M. Faku
4. Cllr S. Gulwa
5. Cllr K. Majeke
6. Cllr C. Mxabanisi-Gakrishe
7. Cllr V. Siboyana
8. Cllr V. Tutu
9. Cllr G.K. Walton
10. Cllr B.F. Wood

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

**7. HUMAN SETTLEMENT PORTFOLIO COMMITTEE**

1. Cllr M.M. Mfazwe (Chairperson)
2. Cllr P. Bamla
3. Cllr J.D. Green
4. Cllr N.L. Kese-Ndotyi
5. Cllr N. Mcwabeni
6. Cllr S. Nkungwini
7. Cllr S. Phandliwe
8. Cllr A.J. Skoti
9. Cllr T. Tempi
10. Cllr K. Zonke

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

## **8. INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE**

1. Cllr Y. Tyali (Chairperson)
2. Cllr S.E. Bentley
3. Cllr M. Daniso
4. Cllr T.F. Fritz
5. Cllr A. Gcobo
6. Cllr P. Hansen
7. Cllr N. Qali
8. Cllr V. Siboyana
9. Cllr T. Tempa
10. Cllr N.E. Tshabe

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

## **9. PUBLIC SAFETY AND EMERGENCY SERVICES PORTFOLIO COMMITTEE**

1. Cllr H.E. Neale-May (Chairperson)
2. Cllr B. Bangani
3. Cllr C.N. Batala



4. Cllr N.W. Kilimani
5. Cllr J.S. McDowell
6. Cllr N. Mcwabeni
7. Cllr N. Sabana
8. Cllr A.J. Skoti
9. Cllr N. Whittington
10. Cllr F.S. Wolose

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

#### **10. SOLID WASTE AND ENVIRONMENTAL MANAGEMENT PORTFOLIO COMMITTEE**

1. Cllr M.C. Yekiso-Morolong (Chairperson)
2. Cllr A.M.C. Botha
3. Cllr Z.A. Dywili
4. Cllr Z. Noyakhe
5. Cllr N. Ntshebe
6. Cllr A.A. Phethani
7. Cllr F.C. Pohl

8. Cllr D.M. Thomas

9. Cllr V. Tutu

10. Cllr N. Whittington

The Executive Mayor, Councillor P. Faku - Ex Officio

The Speaker, Councillor C.H.M. Maxegwana – Ex Officio

T 2.1.2

### **Audit 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 (MPAC).

### **Municipal Public Accounts Committee**

Section 79A of Local Government: Structures Amendment Act, No. 3 of 2021, has formally legitimised the MPAC as an independent Oversight Committee, constituted of non-executive councillors. Its report is published separately in accordance with MFMA guidelines. For the list of MPAC members.

### **The Administrative Structures**

- a) Executive Management
- b) Senior Management Directorates
- c) Departments
- d) Sections
- e) Units

T 2.1.3

## **2.2. ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

Top Management of the Municipality comprises of the City Manager and 10 Heads of Directorates (HODs).

The City Manager was appointed with effect from 13 February 2023, and the HOD: Sport, Recreation & Community Development was appointed with effect from 1 November 2022. The post of HOD: Public Safety & Emergency Services was vacated on 28 February 2023, and recruitment processes are currently being undertaken to fill the post.

The HODs perform strategic leadership and management functions in their respective fields, along with any other responsibilities outlined in Local Government Legislation, as follows:

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

**T 2.2.1**

**TOP ADMINISTRATIVE STRUCTURE**



**Mr. M. Yawa : City Manager**



**Mr. N. Sigcau  
Chief Financial Officer**



**Ms. N. Sidukwana  
HOD: Executive Support Services**



**Mr. B. Naidoo:**  
**HOD: Corporate Services**



**Ms. N. Ncokazi:**  
**HOD: Economic Development & Agencies**



**Mr. L. Mbula**  
**Acting HOD: Infrastructure Services**

**Mr. S. Boo**  
**Acting HOD: Spatial Planning & Development**



**Ms Y. Sinyanya**

**HOD: Solid Waste and Environmental Management**



**Adv. B. A. Mzimba**

**HOD: Public Safety & Emergency Services**



**Mr. H. Sikweza**

**HOD: Sport, Recreation & Community Development**

**Mr. M. Nkonki**

**Acting HOD: Human Settlements**

**T2.2.2**

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

#### 2.3. INTERGOVERNMENTAL RELATIONS

Note: In accordance with Section 3 of the Local Government: Municipal Systems Act, No. 32 of 2000 (MSA), municipalities are mandated to exercise their executive and legislative authority within the constitutional system of cooperative governance as envisioned in the Constitution, Section 41.

IGR is embedded in the Constitution (RSA, 1996), which places emphasis on the national, provincial, and local spheres of government being:

- a) Distinct
- b) Interdependent; and
- c) Interrelated.

Section 41(1) of the Constitution emphasises the necessity for cooperation, mutual trust, and good faith among the three (3) spheres. This signifies that all spheres are dedicated to ensuring the well-being of the people of the Republic and, accordingly, must deliver effective, transparent, accountable, and cohesive government for the Republic as a whole. In doing so, they fulfil the objective of cooperative governance.

The distinctiveness of the spheres should be respected. While all spheres are required to operate within a shared geographic space, each must adhere to its constitutional mandate when exercising powers and functions. In the spirit of good faith, all spheres of government must take concrete steps to realise cooperative governance by –

- I. Fostering friendly relations.
- II. Assisting and supporting one another.
- III. Informing one another of, and consulting one another on, matters of common interest.
- IV. Coordinating their actions and legislation with one another.
- V. Adhering to agreed procedures; and

VI. Avoiding legal proceedings against one another.

The 'IGR system', therefore, addresses the various components of the governance, administrative, and fiscal arrangements operating at the interface between national, provincial, and local governments. The components that contribute to the effective functioning of the IGR system include:

- Legislation and regulation related to IGR which, inter alia, describe the distribution of powers and functions between and within spheres of government.
- IGR structures (such as forums and other bodies).
- IGR processes such as planning and budgeting.
- IGR instruments (such as implementation protocols, guidelines, and mechanisms for monitoring, communication, support, and supervision); and
- IGR dispute resolution procedures.

The IGR system depends on well-coordinated policy, planning, budgeting, implementation, and reporting. This is necessary both within spheres and between spheres and is enabled through technical, executive, and legislative consultative forums. The IGRFA enacted in 2005, sets out the general principles and objects of IGR – the focus is primarily on the outcomes that the system must achieve, namely:

- I. Coherent government
- II. Effective provision of services
- III. Monitoring implementation of policy and legislation
- IV. Realisation of national priorities

The IGRFA intends to promote and facilitate co-operative decision-making, ensuring that policies and activities across all spheres focus on efficiency in the service delivery mechanism to effectively meet the needs of citizens, leading to citizen satisfaction. This makes the IGRFA an outcomes-based intergovernmental system, with the municipal space being the landing place for all government projects, programmes, and impact. IGR is therefore viewed as an instrument for mobilising the distinctive efforts, capacities, leadership, and resources of each sphere toward service delivery and government-defined development objectives.



In the case of BCM, and in terms of the BCMM IGR Framework, the following functional IGR structures have been established to coordinate IGR across the three spheres:

**Table 7: Functional IGR structures**

<b>Intergovernmental Relations Structure</b>	<b>Responsible/ Chairperson</b>	<b>Participants</b>
Political Intergovernmental Relations Forum	Executive Mayor	Mayoral Committee, City Manager, Strategic Development Portfolio Committee, HODs, Representation from Sector Departments, Parastatals, State-Owned Enterprises, and the Buffalo City Metropolitan Development Agency (BCMDA).
Technical Intergovernmental Relations Committee	City Manager	HODs, representatives from Sector Departments, Parastatals, State-Owned Enterprises, and BCMDA.
Intergovernmental Relations Political Roundtable	Executive Mayor	It is represented by members of the Mayoral Committee, City Manager, HODs, representatives from selected Sector Departments, Parastatals, and State-Owned Enterprises.
Intergovernmental Relations Core Group and Sector Specific Committees	HOD: Executive Support Services; HOD: Corporate Services; HOD: Spatial Planning;	Office of the Premier, Cooperative Governance and Traditional Affairs (CoGTA), representatives from selected Sector Departments, and Parastatals.

	HOD: Infrastructure Services;	
	HOD: Human Settlements;	
	HOD: Local Economic Development and Agencies;	
	HOD: Parks and Recreation;	
	HOD: Public Safety	

The establishment and coordination of well-functioning IGR structures are crucial for coordinating, implementing, and monitoring IGR programmes in the Metro. Each structure bears the responsibility to ensure that IGR is functional in the Metro. In the 2022–2023 financial year, BCMM reviewed its IGR Framework and Terms of References, aligning them with the National review of the IGRFA, 2005. This was done due to the emergence of new structures for service delivery and Sector departments, seen as a necessity to address bottlenecks before problems escalate into more significant issues.

The main purpose of the IGR structures are to:

- Improve integrated planning with other spheres and agencies of government.
- Engage Sector departments on issues and projects that intersect with the BCMM.
- Jointly resolve service delivery challenges faced within wards together with BCMM departments and national and provincial Sector departments.

### **The BCMM Intergovernmental Relations Forums**

BCMM held the following IGR engagements in the year under review:

**Table 8: BCMM IGR engagements**

<b>Date</b>	<b>IGR Engagement</b>
1 July 2022	BCMM Political Roundtable with Eastern Cape Liquor Board and Department of Social Development

8 July 2022	BCMM Political Roundtable meeting with Minister of Communications
12 July 2022	BCMM Political Roundtable meeting with ESKOM
22 July 2022	BCMM Technical Roundtable Meeting with Department of Communications and Services SETA
9 September 2022	Three Sphere Joint Planning Session
10 November 2022	BCMM Political IGR Roundtable with Member of the Executive Council (MEC) for Human Settlements
23 November 2022	BCMM Political IGR Roundtable with MEC for Transport
29 November 2022	BCMM Political IGR Roundtable with Ward 35 and Ward 13, Sector Departments, and Lafarge
12 December 2022	BCMM Political IGR Roundtable Meeting with ESKOM
15 December 2022	BCMM Technical IGR Roundtable Meeting with Sector Departments and BCMM Revenue Management Department on Debt Owing to BCMM
03 February 2023	BCMM Political IGR Forum
28 February 2023	BCMM Technical Roundtable Meeting – Presidential Hotline Meeting
18 April 2023	Political Roundtable Meeting – Meeting with the MEC for Public Works and Deputy Speaker of the Eastern Cape Legislature

**Table 9: BCMM IGR meeting discussions**

<b>Political Roundtable – 1 July 2022</b>	<b>IGR</b>	<b>BCMM and EC Liquor Board – Scenery Park Issues</b>
<b>Chairperson</b>		<b>Deputy Executive Mayor – Cllr Princess Faku</b>

<b>Purpose</b>	<b>Respond and Prepare for the Scenery Park Tragedy</b>
<b>Participants</b>	<ul style="list-style-type: none"> <li>• Deputy Executive Mayor – In the Chair</li> <li>• Dr N. Makala, Chief Executive Officer (CEO) – EC Liquor Board</li> <li>• Mr Pumlani Tyali – EC Liquor Board</li> <li>• Ms Kerry-Ann Oosthuizen – EC Liquor Board</li> <li>• Mr Owen Bekker – BCMM Disaster Management</li> <li>• Ms Lorette Moonsamy – BCMM Law Enforcement</li> <li>• Mr Shaun Petzer – BCMM Special Programmes Unit</li> <li>• Ms Afika Siziba – Department of Social Development</li> <li>• Ms Darby Gounden – BCMM International and Intergovernmental Relations</li> </ul>
<b>Issue</b>	<ul style="list-style-type: none"> <li>• Around midnight on Sunday, 25 June, 2022, 21 young people tragically lost their lives at Enyobeni tavern in East London, with the youngest victim being 13 years old. The tavern hosted a "pens down" party to commemorate the end of school exams, attracting numerous underage attendees to an already crowded venue.</li> <li>• The tavern failed to comply with relevant laws and by-laws.</li> <li>• There is an urgent need for intensive education for tavern owners in the area regarding laws, by-laws, and the consequences of non-compliance.</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• In response to the tragedy in Scenery Park, BCMM and stakeholders jointly decided to conduct an outreach event themed: "Enabling a Safer, Responsible, Caring</li> </ul>

	<p>and Law-Abiding Community” on 2 July 2022. The objectives of the outreach were to:</p> <ul style="list-style-type: none"> <li>○ Inform and educate parents, tavern owners, and the community at large about roles, rules, and responsibility.</li> <li>○ Enforce by-laws pertaining to illegal tavern operations.</li> <li>○ Work towards a long-term reduction in the supply and consumption of alcohol and drugs in the community.</li> </ul>
<b>Political Roundtable Meeting – 08 July 2022</b>	<b>IGR Meeting with the Minister of Communications on Indigent Data</b>
<b>Chairperson</b>	<b>Deputy Executive Mayor – Councillor Princess Faku</b>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• The Minister advised the Digital Migration Project of the Department of Communication regarding the need for registering indigent households through the Post Offices. It was recognised that an online registration system for indigents could provide broader benefits to municipalities and the country as a whole. The existing system was primarily designed for the Post Office, and due to challenges, it couldn't be extended further.</li> <li>• Therefore, the Department of Communication developed the STB system through SETA.</li> <li>• BCMM is required to share its indigent register with the Department. The Department will subsequently integrate functionality into the STB system to access information for BCM. This information will be verified against the housing subsidy and beneficiary database, the set-top box indigent application database, and the South African Social Security Agency (SASSA)</li> </ul>

	<p>database. BCMM will not pay for the development of the system but will be required to pay for the subscription costs for updating the information to SETA.</p> <ul style="list-style-type: none"> <li>• This project aims to address various concerns highlighted by the Auditor General, who has been accommodating of BCMM's challenges and has permitted the Metro to implement the outcomes of their investigations in the next financial year without issuing an audit finding. Although BCMM was already considering the implementation of such a system, the associated costs were a significant barrier. The ongoing indigent registration campaign has revealed an annual increase in indigents, necessitating an enhanced registration process to improve the quality of collected data. This improvement will, in turn, help ensure that only eligible indigents benefit from the subsidy.</li> </ul>
<p><b>Participants</b></p>	<ul style="list-style-type: none"> <li>• Deputy Executive Mayor: Councillor Princess Faku (Chair)</li> <li>• Honourable Minister of Communications: Ms Khumbudzo Ntshaveni</li> <li>• Portfolio Holder: Finance Councillor Sakhumzi Caga</li> <li>• Ms Humbelani Tshikalange – Department of Communications</li> <li>• Acting Chief Financial Officer (CFO): Thokozani Madikizela</li> <li>• Mr Matlole Mampshika – Department of Communications</li> <li>• General Manager: Revenue Siyabulela Peter</li> <li>• Manager: Office of the Deputy Executive Mayor – Pedro Mzileni</li> <li>• Manager: International and Intergovernmental Relations – Darby Gounden</li> <li>• Personal Assistant (PA): Deputy Executive Mayor's (DEM's) Office – Ahlomile Mafu</li> </ul>

<b>Actions</b>	<ul style="list-style-type: none"> <li>• BCMM shared its indigent register database with the Department of Communications.</li> <li>• A technical project team, comprising representatives from BCMM, the Minister's Office, and SETA, was formed and convened a meeting on 22 July 2022, to discuss the feasibility of implementing an online indigent register project and to reach an agreement.</li> </ul>
<b>Technical Roundtable Session – 22 July 2022</b>	<b>IGR BCMM, Department of Communications, and SETA</b>
<b>Chairperson</b>	Mr Siyabulela Peter – General Manager: Revenue Management
<b>Purpose</b>	A technical project team, comprising representatives from BCMM, the Minister's Office, and SETA, was formed and convened a meeting on 22 July 2022, to discuss the feasibility of implementing an online indigent register project and to reach an agreement.
<b>Participants</b>	<ul style="list-style-type: none"> <li>• Mr Siyabulela Peter – In the Chair</li> <li>• General Manager: Communications, IGR &amp; IR, and Special Programmes: Ondela Mahlangu</li> <li>• HOD IFASS (International Forum of Accounting Standard Setters): Meletse Modikoe</li> <li>• HOD AD SITA (State Information Technology Agency): Manitshsna Buntu</li> <li>• Acting IT Manager: Deon Martin</li> <li>• Manager: International and Intergovernmental Relations – Darby Gounden</li> <li>• Customer Advocate SITA: Hilda Ramaokgadi</li> <li>• IT Business Support: Tembela Siswana</li> <li>• SETA Executive: Sidima Ntsangani</li> <li>• Acting Senior Manager Revenue: Abongile Adoni</li> <li>• HOD Planning SETA: Stokie Lesethoa</li> </ul>

	<ul style="list-style-type: none"> <li>• IGR Coordinator: Anazo Makinana</li> <li>• HOD EC SETA: Xolani Mbulawa</li> <li>• IGR Intern: Ayabulela Sguba</li> <li>• CRM SETA: Lulama Masoka</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• Report on the technical meetings outcomes.</li> <li>• Communicate challenges related to data access from departments, including South African Revenue Services (SARS), SASSA, Home Affairs, and the implications of the POPI Act to the Political Principals, considering them as potential obstacles to the overall project delivery.</li> <li>• Propose the escalation of these challenges to the national or Cabinet level to seek a resolution regarding data accessibility.</li> <li>• Ms Siswana from IT (Information Technology) to investigate the policy for data and cloud, with a focus on master data management on the national level.</li> </ul>
<b>Three Sphere Joint Planning Session, 9 September 2022</b>	<b>Session with BCMM, Sector Departments, Parastatals, and Agencies</b>
<b>Chairperson</b>	Acting City Manager – Mr Nceba Ncunyana
<b>Purpose</b>	To jointly share and align plans with the National and Provincial Government.
<b>Participants</b>	BCMM HODs, General Managers (GMs), and HODs of Sector Departments, Parastatals, and Agencies.
<b>Actions</b>	Outstanding plans of Sector Departments to be shared with BCMM to incorporate into the IDP and One Plan.
<b>Political IGR Roundtable Meeting – 10 November 2022</b>	<b>Meeting with BCMM Human Settlements and the MEC for Human Settlements</b>
<b>Chairperson</b>	<b>Deputy Executive Mayor – Councillor Princess Faku</b>



<p><b>Purpose</b></p>	<ul style="list-style-type: none"> <li>• In 2017, the National Human Settlements approved BCMM's Level 2 Accreditation application. However, in August of that year, the MEC for Human Settlements, Ms Helen Sauls, declined BCMM's application. Despite the initial decline, BCMM has since addressed and resolved several issues raised during the original assessment. Furthermore, BCMM's Human Settlements Department is currently delivering quality housing, underscoring the importance of reconsidering the accreditation application.</li> <li>• Capacity issues in the Human Settlements Department and assistance was required to improve capacity. The Metro has been making applications for the Capacitation Grants; however, this has not been successful.</li> <li>• Debt owing to the Metro by Human Settlements must be settled due to financial constraints.</li> </ul>
<p><b>Participants</b></p>	<ul style="list-style-type: none"> <li>• Deputy Executive Mayor – Councillor Princess Faku (Chair)</li> <li>• Honourable MEC for Human Settlements – Ms Siphokazi Lusithi</li> <li>• Portfolio Holder for Human Settlements – Councillor Ntombizandile Mhlola</li> <li>• Mr Mlindi Nkonki – Acting HOD: BCMM Human Settlements</li> <li>• Mr Mthunzi Ngonyama – BCMM Human Settlement</li> <li>• Mr Siyabulelela Peter – BCMM Revenue Management</li> <li>• Ms Yolanda Mfana – BCMM Budget Department</li> <li>• Mr Salizwa Kotobe – Acting Manager Office of the DEM</li> <li>• Ms Darby Gounden – Manager International and Intergovernmental Relations</li> <li>• PA: DEM's Office – Ms Ahlomile Mafu</li> <li>• Ms Gcobisa Magalela – Office of the DEM</li> <li>• Ms Siyamthanda Heshula</li> <li>• Mr Siyabonga Mdodi</li> </ul>

		<ul style="list-style-type: none"> <li>• Mr Aphiwe Bewana</li> <li>• Mr Suresh Temothy Galahitiyawa</li> <li>• Mr Mthobeli Mbambanisi</li> <li>• Mr Masibulele Mbane</li> <li>• Mr Zithulele Rayi</li> <li>• Ms Sazi Sobopha</li> </ul>
<b>Actions</b>		<ul style="list-style-type: none"> <li>• A session with the Executive Mayor to present the status quo.</li> <li>• BCMM Human Settlements to table a report to the Top Management Committee.</li> <li>• The proposed Level 2 Accreditation Action Plan to be implemented.</li> <li>• Funding confirmation for capacity enhancement required.</li> </ul>
<b>Political Roundtable Meeting: 23 November 2022</b>	<b>IGR</b>	<b>Meeting with the MEC for Transport on the State of Provincial Roads in BCMM and the Metro Police Force</b>
<b>Chairperson</b>		MEC for Transport – Mr Xolile Nqatha
<b>Purpose</b>		Discussion on the state of BCMM roads managed by the Province and BCMM Metro Police Force
<b>Participants</b>		<ul style="list-style-type: none"> <li>• Honourable MEC for Transport and Public Safety – Mr Xolile Nqatha</li> <li>• Deputy Executive Mayor – Councillor Princess Faku</li> <li>• Portfolio Holder for Public Safety – Councillor Sangweni Matwele</li> <li>• Portfolio Holder for Infrastructure Services – Councillor Malibongwe Mfazwe</li> <li>• Mr Vuyani Lwana HOD: Public Safety</li> <li>• Mr Sandile Booie HOD: Infrastructure Services</li> <li>• Ms Vuyiswa Sogoni – HOD: Department of Transport (DOT)</li> <li>• DOT Representatives from Transport and Public Safety</li> </ul>

	<ul style="list-style-type: none"> <li>• Mr Saliza Kotobe – Acting Manager in the Office of the DEM</li> <li>• Ms Darby Gounden – Manager International and Intergovernmental Relations</li> <li>• Ms Ahlomile Mafu – PA: Office of the DEM</li> <li>• Ms Gcobisa Magalela – Office of the DEM</li> </ul>
<p><b>Issues</b></p>	<ul style="list-style-type: none"> <li>• BCMM submitted an application for the establishment of a Metropolitan Police Service to the MEC: Department of Safety &amp; Liaison on 23 March 2017. However, the process of establishing the Metro Police Force has experienced various delays.</li> <li>• Numerous complaints have been received regarding the poor condition of provincial access roads. These roads play a critical role as main arteries providing access to both urban and rural areas within the Metro. The following roads have been identified as requiring urgent attention: <ul style="list-style-type: none"> <li>○ Buffalo Pass (MR00504)</li> <li>○ Quenera Lagoon Rd (DR02721)</li> <li>○ Old Gonubie Rd (MR00686)</li> <li>○ Cove Rock Access Rd (MR00503)</li> <li>○ MR00216</li> <li>○ Sunrise On Sea Rd and Kwelera Rd (DR02728 and DR02730)</li> <li>○ Schafli Rd (DR02730)</li> <li>○ Voortrekker Rd / Old King Rd (R102)</li> <li>○ Mount Coke Rd (MR00520)</li> </ul> </li> </ul>
<p><b>Actions</b></p>	<ul style="list-style-type: none"> <li>• The matter of the Metro Police Force was under the review of the National Treasury; therefore, it was concluded that BCMM the will need to consult with National Treasury on the findings of GTAC (Government Technical Advisory Centre) in order to proceed forward with the establishment of the Metro Police Force.</li> </ul>

	<p>Additionally, support for the application will be provided by the South African Police, DOT, and Public Safety.</p> <ul style="list-style-type: none"> <li>Given the constraints and challenges faced by the DOT, including resource shortages and limited personnel and equipment, there was a need for the Technical Teams from both the DOT and BCMM Roads and Transport to convene to discuss the identified constraints and challenges and formulate proposed solutions to present to the political heads.</li> <li>The BCMM Roads Department and the DOT to follow-up with SANRAL regarding the progress on SANRAL taking over the Buffalo City Pass Road and BCMM dealing with informal settlements affecting the road.</li> </ul>
<b>Political Roundtable Meeting – 29 November 2022</b>	<b>IGR Meeting with BCMM Ward Councillors of Ward 35 and 13, Sector Departments, and Lafarge</b>
<b>Chairperson</b>	Deputy Executive Mayor – Councillor Princess Faku
<b>Purpose</b>	Lafarge was mining the quarries located in Ward 35 and Ward 13. The company is required to promote empowerment and engage in consultations with the local municipality to ensure that community-identified projects are incorporated into the IDP process. During the consultation, it was realised that there was no budget for some projects. Therefore, broader stakeholder involvement was deemed necessary to address this issue and advance community-identified projects in Ward 35 and Ward 13.
<b>Participants</b>	<ul style="list-style-type: none"> <li>Deputy Executive Mayor – Councillor Princess Faku (Chair)</li> <li>Cllr Oscar Mhlauli – Ward 13</li> <li>Cllr Simbongile Phandliwe – Ward 35</li> <li>Ms Mpogeng Gadime – Lafarge</li> <li>Mr Walter Daniels – Lafarge</li> <li>Ms Catherine Collocott – Department of Health</li> </ul>

	<ul style="list-style-type: none"> <li>• Mr Sinovuyo Faba</li> <li>• Mr Simphiwo Bam – BCMM</li> <li>• Mr Hans Schluter – BCMM</li> <li>• Ms Darby Gounden – BCMM</li> <li>• Ms Faith Qebenya – BCMM</li> <li>• Mr Abongile Dlani – BCMM</li> <li>• Ms Ahlomile Mafu – BCMM</li> <li>• Mr Ayabulela Sguba – BCMM IGR Intern</li> </ul>
<p><b>Issues</b></p>	<ul style="list-style-type: none"> <li>• Ward 35 – Projects discussed with Lafarge included the upgrading of poorly-maintained roads, the establishment of a sports field, initiatives to empower women, and support for SMMEs in terms of skills development.</li> <li>• Ward 13 – Due to its growth and considerable distance from the nearest clinic, discussions with Lafarge centred around the necessity of establishing a clinic. Additionally, priorities for the ward included skills training for youth in areas like bricklaying and carpentry, the development of a sports field, a library, and agricultural and educational programmes, including math and science training for learners.</li> </ul>
<p><b>Actions</b></p>	<ul style="list-style-type: none"> <li>• Department of Public Works to be invited to the next meeting to assist with land for the clinic.</li> <li>• A meeting with BCMM Land Management, Department of Public Works, and Department of Health to discuss the requirement early in the new year.</li> <li>• Councillor Mhlauli to draft a letter to the Department of Health, requesting the establishment of the clinic and initiating the planning process. The GIS (Geographic Information System) Department at the Department of Health is to assess the need for the clinic and proceed with site identification.</li> <li>• DOT and SANRAL to be invited to the next meeting.</li> </ul>

	<ul style="list-style-type: none"> <li>• Councillor Pandliwe to forward the letter sent to DOT and SANRAL through the Office of the DEM.</li> <li>• BCMM Department of Local Economic Development (LED) to be invited to the next meeting regarding the SMME training.</li> </ul>
<b>Political IGR Roundtable Meeting – 12 December 2022</b>	<b>Meeting with ESKOM</b>
<b>Chairperson</b>	<b>Deputy Executive Mayor</b>
<b>Purpose</b>	<p>To discuss the following with matters with Eskom:</p> <ul style="list-style-type: none"> <li>• Eskom’s electrification plan</li> <li>• Riverwood Illegals challenge</li> <li>• Eskom’s proposal to charge BCMM for switching after hours</li> <li>• Leache’s Bay substation</li> <li>• Mzamomhle overhead line</li> </ul>
<b>Participants</b>	<ul style="list-style-type: none"> <li>• Deputy Executive Mayor – In the Chair</li> <li>• Mr Nceba Ncunyana – HOD Engineering Services BCMM</li> <li>• Mr Rob Ferrier – GM: BCMM Electricity Department</li> <li>• Mr Jean Smit – Manager: BCMM Electricity Department</li> <li>• Mr Erlin Moll – BCMM Electricity Department</li> <li>• Ms Darby Gounden – BCMM Manager IR and IGR</li> <li>• Ms Ahlomile Mafu – PA DEM’s Office</li> <li>• Mr Ays Mbusela – Eskom</li> <li>• Mr Athi Titus – Eskom</li> <li>• Mr Jakes Jakavula – Eskom</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• Meeting to be rescheduled to the new year due to Eskom’s unpreparedness to respond to the items on the agenda.</li> </ul>

<b>Technical Roundtable – 15 December 2022</b>	<b>IGR</b> Meeting with Sector Departments and BCMM Revenue Management Department on Debt Owing to BCMM.
<b>Chairperson</b>	<b>Manager International and Intergovernmental Relations</b> <ul style="list-style-type: none"> <li>• <b>(Acting Chair)</b></li> </ul>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• To convene meetings with Sector Departments that have outstanding debts to BCMM and encourage the prompt settlement of all outstanding amounts.</li> </ul>
<b>Participants</b>	<ul style="list-style-type: none"> <li>• Ms Darby Gounden – Manager International and Intergovernmental Relations</li> <li>• Mr Leon van Wyk – BCMM Finance Department</li> <li>• Ms Thabisa Cutalele</li> <li>• Mr Nceba Bomvane – EC Treasury</li> <li>• Ms Nopesika Tutshana – EC CoGTA</li> <li>• Ms Zukisa Mjali – BCMM Finance Department</li> <li>• Ms Nokuthula Ngcingwana – EC Department of Education</li> <li>• Ms Nolukhanyo Qhwesha – EC Department of Education</li> <li>• Ms Nontuthuzelo Smith – EC Department of Education</li> <li>• Mr Nceba Dlamini – EC Department of Education</li> <li>• Ms Nomaza Pangwa – EC Department of Public Works</li> <li>• Ms Ntombizanele Mosia – EC Department of Public Works</li> <li>• Mr Bahlekile Keikelame – EC Department of Agriculture</li> <li>• Mr Mzwanele Njongi – EC Department of Agriculture</li> <li>• Ms Mobesega Swartland – EC Department of Agriculture</li> <li>• Mr S Nibe – EC Department of Agriculture</li> <li>• Mr A Gogi – South African Local Government Association (SALGA)</li> <li>• Mr Templeton Phogole – EC Treasury</li> <li>• Ms Babalwa Vanjana – Office of the Premier (OTP)</li> </ul>

	<ul style="list-style-type: none"> <li>• Ms Zinzi Dike – EC Department of Social Development</li> <li>• Ms Vuyokazi Ngaka – EC Department of Social Development</li> </ul>
<b>Issue</b>	<ul style="list-style-type: none"> <li>• Improve payment of Debt by Government to BCMM</li> </ul>
<b>Actions to be taken</b>	<ul style="list-style-type: none"> <li>• BCMM Finance will circulate the Credit Control Policy.</li> <li>• One-on-one meetings to be held with the Department of Health and Department of Public Works with the BCMM Finance Department to iron out specific issues relating to these departments, early in the new year. (BCMM Finance will provide a date in consultation with the relevant departments).</li> <li>• A meeting to be held at least once in 6 months with BCMM Finance and Government Departments to resolve all debt issues.</li> </ul>
<b>Political IGR Forum, 03 February 2023</b>	BCMM IGR Framework Draft and Terms of Reference
<b>Chairperson</b>	Speaker of Council – Cllr Humphrey Maxegwana in the Chair
<b>Purpose</b>	Final inputs to the Draft BCMM IGR Framework and Terms of Reference
<b>Participants</b>	<p>The following representatives were in attendance:</p> <p>BCMM</p> <p>Speaker of the Council – Councillor Humphrey Maxegwana</p> <p>MMC Spatial Planning – Councillor Noma-Afrika Maxongo</p> <p>MMC Public Safety – Councillor Helen Neale May</p> <p>Councillor Jason McDowell</p> <p>Councillor Valerie Dawn Knoetze</p> <p>Councillor Mandisa Mashiya</p> <p>Councillor Oscar Mhlauli</p> <p>Councillor Pearl Hansen</p> <p>Councillor Melisizwe Tutu</p> <p>Acting City Manager: Human Settlements – Mr Luyanda Mbula</p> <p>HOD: Executive Support Services – Ms Ncumisa Sidukwana</p>



	<p>HOD: Solid Waste and Environmental Management – Mrs Yoliswa Sinyanya</p> <p>GM: Solid Waste Services – Ms Nomphele Daniels</p> <p>GM: Land Management – Mr Siphiwo Bam</p> <p>HOD: Spatial Planning and Development – Ms Nonceba Mbali-Majeng</p> <p>HOD: LED and Agencies – Ms Noludwe Ncokazi</p> <p>Enterprise Project Management Office (EPMO) Head – Mr Siyabonga Kakaza</p> <p>Operations Manager Coastal Region: Solid Waste – Mrs Lindelwa Cebanto</p> <p>Manager International and Intergovernmental Relations – Ms Darby Gounden</p> <p>Manager IDP – Mrs Faith Qebenya</p> <p>Intern IGR – Ayabulela Sguba</p> <p>Government Departments:</p> <p>Mr Ashley Losch – Department of Cooperative Governance (DCOG)</p> <p>Ms Nopesika Tutshana – COGTA</p> <p>Ms Busi Khumalo – OTP</p>
<b>Actions</b>	Finalise inputs from Mayoral Committee, Portfolio Committee, CoGTA, Office of the Premier (OTP), SALGA, and Eastern Cape Socio-economic Consultative Council (ECSECC).
<b>Technical Roundtable Meeting, 28 February 2023</b>	<b>Presidential Hotline Meeting</b>
<b>Chairperson</b>	HOD: Executive Support Services (ESS)
<b>Purpose</b>	To discuss following Presidential Hotline cases reported: <ul style="list-style-type: none"> <li>• Union Building Case</li> <li>• Olivier Case</li> </ul>
<b>Participants</b>	<ul style="list-style-type: none"> <li>• HOD: ESS – Ms Ncumisa Sidukwana</li> </ul>

	<ul style="list-style-type: none"> <li>• Ms Thuthula Sodumo Office of the Premier (Presidential Hotline)</li> <li>• Mr Andile Mshumpela – BCMM Human Settlements</li> <li>• Mr Mafa Yami – Department of Human Settlements</li> <li>• Mr Thembelani Mjanqeka – BCMM Human Settlements</li> <li>• Mr Sipiwo Bam – BCMM Spatial Planning and Development – Property Management</li> <li>• Mr Lihle Mhlwana – Office of the Premier</li> <li>• Ms Darby Gounden – BCMM</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• The applicant must adhere to the BCMM application process and wait his/her turn, as there are a number of applicants on the register who registered before him/her.</li> <li>• The applicant can be provided with temporary shelter while BCMM/Provincial Human Settlements is working on the motivation to secure a house for the applicant.</li> <li>• The province needs to commit to provide subsidy so that BCMM can follow the process of writing a report to Council to seek approval for land to build the house.</li> <li>• BCMM and the department need to work together to tackle this issue.</li> <li>• BCMM and Human Settlements need to meet to develop an action plan to address the matter and split responsibilities.</li> <li>• Mr Mshumpela was tasked to facilitate the meeting and invite the Provincial Human Settlements Team and BCMM Spatial Planning and Development (Land Unit).</li> <li>• Mr Yami to ensure that relevant people from Human Settlements are present in the proposed meeting.</li> <li>• Office of the Premier to forward necessary documents to both BCMM and Human Settlements.</li> </ul>

<b>Political Roundtable Meeting, 18 April 2023</b>	<b>Meeting with the MEC for Public Works and Deputy Speaker of the Eastern Cape Legislature</b>
<b>Chairperson</b>	Executive Mayor of Buffalo City Metro – Councillor Princess Faku
<b>Purpose</b>	To hold discussions on the following matters: <ul style="list-style-type: none"> <li>• Nature and extent of provincial state land</li> <li>• Survey of state domestic functions</li> <li>• Acquisition of SDFs on municipal land</li> <li>• Disposal of superfluous provincial state properties</li> <li>• Debt owed to BCMM</li> <li>• Human Settlements properties</li> <li>• Key interventions required in Bhisho</li> </ul>
<b>Participants</b>	<ul style="list-style-type: none"> <li>• Executive Mayor Councillor Princess Faku</li> <li>• MEC for Public Works – MEC Ms Ntombovuyo Nkopane</li> <li>• Deputy Speaker EC Legislature – Mr Mlibo Qobhishiyane</li> <li>• City Manager BCMM</li> <li>• HOD Public Works</li> <li>• GM Communications, IR &amp; IGR and Special Programmes</li> <li>• GM Spatial Planning</li> <li>• GM Land Management</li> <li>• Manager IR &amp; IGR</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• BCMM to approve a resolution allowing Provincial Government to acquire the remainder of ERF 1071, Bhisho.</li> <li>• 150 Spatial Development Frameworks (SDFs) have been earmarked for surveys for the 2023/2024 financial year. Once the surveys have been completed, the BCMM will be able to levy rates and taxes on newly surveyed SDFs and the Department of Public Works will be able to obtain legal title for these facilities. The implementation of this project will increase the revenue base of the BCMM.</li> </ul>

	<ul style="list-style-type: none"><li>• The Municipality has issued a Council resolution covering 201 schools and clinics and a further Council Resolution that covers 30 properties dated March 2020 for various properties in Bhisho, including a portion of 312/R but excluding 1071/R (Ministerial Complex).</li><li>• The BCMM is required to provide the remaining Council Resolution to expedite the transfer of these SDFs back to the province. This is essential for updating the respective Immovable Asset Registers, enabling the province to disclose and capitalise these assets correctly, and allowing the municipality to collect rates.</li><li>• Requesting a special dispensation from the 15-day norm for settling outstanding accounts in order for the Public Works and BCMM to reconcile.</li><li>• BCMM billed the Department of Public Works and Infrastructure (DPWI) R81 million for 2022/23 billing season and R136 million was paid by 31 December 2023.</li><li>• BCMM billing does not reflect total properties owned and is billed in tranches, making it difficult for the Department to budget adequately.</li><li>• An agreement has been reached to integrate with BCMM for the cleaning of Bhisho, with DPWI contributing 10 participants, BCMM providing 15 participants, and CoGTA adding 12 participants. BCMM is requested to find a permanent solution to maintain cleanliness in Bhisho.</li></ul>
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**District Development Model and One Plan**

In July 2019, the President of the Republic of South Africa, in his Budget Speech, emphasised the need for a shift in approach, stating that things must work differently moving forward, because:

*“The truth is that lack of coordination between national and provincial governments, between departments and particularly at local government level, has not served us. We have slid into a pattern of operating in silos. This has led to lack of coherence in planning and implementation and has made monitoring and oversight of government’s programme difficult. It has become a significant deterrent to investment as businesspeople have had to move from pillar to post in search of support and services in what are essentially the same sectors”.*

Therefore,

*“For the effective implementation of our seven priorities, the structures of government will need to function with maximum coordination and cooperation as it is envisaged in our Constitution”.*

Shortly after this pronouncement, the President officially launched the District Development Model (DDM) in the OR Tambo District in the Eastern Cape. All spheres of government are therefore required to embrace the model and facilitate its implementation in the interest of improving joint planning, increasing implementation, and improving service delivery.

The challenges intended to be solved through the DDM include:

- Silos at a horizontal and vertical level.
- Narrowing the distance between the people and government by strengthening the coordination role and capacities at the District/Metro.
- Delivering *integrated services* while strengthening *monitoring, evaluation,* and impact at district and local levels.
- Ensuring inclusive and gender mainstreamed budgets based on the needs and aspirations of our people.
- Maximising impact and aligning resources at our disposal.
- Changing the face of our rural and urban landscapes by ensuring alignment between urban and rural development.
- Ensuring sustainable development to accelerate the eradication of poverty, create employment, and improve people’s quality of life.

The Cabinet approved the DDM as an All of Government and Society Approach providing a method by which all three spheres of government and state entities work in unison in an impact-oriented way, where there is higher performance and accountability for coherent and effective service delivery and development outcomes.

Emanating from the update of the IDP guidelines, the South African Cities Network's (SACN) Built Environment Integration Task Team (BEITT), in partnership with National Treasury's City Support Programme (CSP) took advantage of this opportunity to adopt a differentiated approach to integrated development planning for metropolitan municipalities and, by harnessing the experience of practitioners in metros through a series of workshop, developed a set of Metro specific IDP guidelines. Both the review of the guidelines and the inception of the DDM as integration instruments, provided a rare opportunity for the simultaneous deepening of the approaches to controlled and managed joint intergovernmental planning and strengthening of planning platforms. The best opportunity it presents is the culmination of a single government plan for development, emanating from a shared understanding by all spheres of government.

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 is jointly developed and agreed to by all three spheres of government.

The BCMM One Plan has been crafted through various internal and external IGR, IDP and Council engagements, and is now in its final stages of the first-generation One Plan development. The IGR Core Group, comprising of BCMM's IGR, IDP, and EPMD units, together with Office of the Premier, CoGTA, and Provincial Treasury, have been working jointly on the One Plan for the BCMM.

The BCMM utilised its existing IGR and IDP Institutional Arrangements to facilitate and enable the BCMM One Plan development:

**Table 10: BCMM One Plan development**

<b>IDP/BUDGET/PERFORMANCE MANAGEMENT SYSTEM (PMS) WORKSTREAMS</b>	<b>IGR FORUM (POLITICAL &amp; TECHNICAL), IGR ROUNDTABLES &amp; THREE SPHERE SESSIONS</b>
<ul style="list-style-type: none"> <li>• BCMM's five Work-streams are small strategic and operational teams that are, at a technical level, led by HODs or delegated key officials, and they are politically led by Councillors who are members of the Mayoral Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• A democratic model for cooperative governance that provides basis for IGR.</li> </ul>
<ul style="list-style-type: none"> <li>• The role of the work-streams is to ensure inter-directorate, intergovernmental, and civil society coordination, cooperation, and strategic thinking about the achievement of the MGDS, as well as review of the IDP, Budget, and Performance Management System.</li> </ul>	<ul style="list-style-type: none"> <li>• To facilitate the IGR dialog and structure with relevant Provincial Government departments, parastatals, and state-owned enterprises by creating a conducive working relationship between the Municipality, Provincial departments, and other stakeholders. To create platforms for resolution of intergovernmental issues and disputes.</li> </ul>

The BCMM ONE PLAN was successfully submitted to EC CoGTA on 30 August 2021 and the second Generation One Plan was submitted in January 2022.

T 2.3.0

## **NATIONAL INTERGOVERNMENTAL STRUCTURES AND MEETINGS**

Laws and policies are approved by Parliament, which is made up of the National Assembly and the National Council of Provinces (NCOP). The National Assembly is made up of members of Parliament, elected every five years.

The NCOP was set up to ensure that Provincial and Local Government are directly represented in Parliament. It is made up of representatives of provincial legislatures and local government. Each province has a set number of permanent and rotating representatives. The NCOP has to debate and vote on any law or policy that affects provincial or local government.

At the national level, there are some departments dealing with issues that affect the whole country. Examples are Defence, Foreign Affairs, Water and Forestry, Science and Technology, Trade and Industry, Mineral and Energy, Public Enterprises, Home Affairs, and Public Service and Administration.

In terms of legislated IGR Structures/Forums with proposed representation at the national, provincial, and local levels include:



**Table 11: Representation at the national, provincial, and local levels**

NATIONAL	PROVINCIAL	LOCAL
President’s Coordinating Council: Chairperson - President	Premier’s Coordinating Forum: Chairperson - Premier	Political IGR Forum: Chairperson - Executive Mayor
Sector Specific Committees: Chairperson - Ministers	MuniMEC: Chairperson- MEC Cooperative Governance & Traditional Affairs	Sector Specific Forums: Chairperson – Portfolio Holder
MinMEC: Chairperson- Minister of Cooperative Governance	Interprovincial Forum: Chairperson - Premier	Technical IGR Forum: Chairperson - City Manager
	Sector Specific Forums: Chairperson - MECS	Technical Sector Specific Committees: Chairperson -Head of Directorates
	Technical IGR Forum: Chairperson - Director General	Inter-municipal Forum: Chairperson – Executive Mayor

The SALGA represents all municipalities at the national level. However, BCMM is represented by the Executive Mayor and City Manager at national forums. Participation in these forums addresses national issues affecting local government, such as safety and security issues like COVID-19, which impacted the entire nation. It also covers challenges related to water scarcity or disasters, such as droughts and floods, which BCMM has experienced, and energy issues related to changes in regulations and Eskom-related load shedding. The benefits of participating in National Forums include obtaining direction and guidance from the National Government, allowing the Metro to prepare for potential changes and necessary actions. Some of the meetings attended are as follows:

**Table 12: National meetings attended**

<b>NATIONAL MEETING</b>	<b>DATE</b>
Climate Commission – Capacity Building Session on Energy Plan and Jet – IP: Local Government	2 March 2023
Climate Commission – Local Government Consultation on the Presidential Climate Commission (PCC) Electricity Planning Recommendations and the Just Energy Transition Investment	14 March 2023
National Capacity Building on Voluntary Local Reviews in South Africa – National Planning Commission (NPC)	27 – 30 March 2023
Port Development Framework Plan’s Update Roadshow – EL	3 May 2023
Minister of Electricity Auto Provincial Visit Programme   Mercedes-Benz South Africa (MBSA), Volkswagen South Africa (VWSA), & ISUZU	4 – 5 May 2023
Statistics South Africa (StatsSA)	10 May 2023
Deputy President Visit to BCMM	26 – 27 May 2023
2024 Tabled Budget Engagement with National Treasury	

T2.3.1

**PROVINCIAL INTERGOVERNMENTAL STRUCTURES AND MEETINGS**

BCMM has participated in a number of national Provincial and District Meetings to discuss the implementation of the DDM and One Plan in the Metro. Furthermore, issues that are raised in the BCMM IGR Forum meetings are escalated to the Provincial IGR Forum meetings, namely, the state of provincial roads in the BCMM; Eskom and energy challenges; and payments from municipalities. The Provincial Municipalities and Members of the Executive Committee (MuniMEC) focusses on the Back-to-Basics pillars, namely Putting People First, Service

Delivery, Good Governance and Public Participation, Sound Financial Management, Institutional Capacity, and Economic Recovery. BCMM is required to report on these pillars, as well as request interventions to encountered challenges, from the Provincial and National Spheres.

The meetings attended by BCMM included the following:

**Table 13: Provincial meetings attended**

<b>PROVINCIAL MEETING</b>	<b>DATES</b>	<b>PURPOSE &amp; DISCUSSIONS</b>
Provincial Political MuniMEC	1 – 2 March 2023	To Discuss: <ul style="list-style-type: none"> <li>• The state of municipalities and districts.</li> </ul>
Provincial Technical IGR Forum	7 March 2023	To Discuss: <ul style="list-style-type: none"> <li>• Environmental scan.</li> <li>• Progress on the management of recent disaster from Chris Hani District Municipality and OR Tambo District Municipality.</li> <li>• Update on the quarter three performance of the district /metro IGR structures.</li> <li>• Upcoming events.</li> </ul>
Premiers IGR Forum	16 March 2023	To Discuss: <ul style="list-style-type: none"> <li>• Environmental scan.</li> <li>• Updated provincial state of roads and bridges.</li> <li>• Municipal Financial Performance Report.</li> <li>• DDM One Plan.</li> <li>• Eskom.</li> <li>• Water and Sanitation.</li> <li>• Youth Strategy.</li> </ul>
Provincial Department of Sport, Recreation, Arts and Culture (DSRAC)	11 May 2023	<ul style="list-style-type: none"> <li>• To discuss activities and events in commemorating Africa Month.</li> </ul>

Steering Committee – Africa Month		
Technical IGR Meeting BCMM/DPWI/EC Legislature	15 May 2023	<ul style="list-style-type: none"> <li>To discuss the transfer of land and the requirements of the new development of the Bhisho precinct.</li> </ul>
Provincial MuniMEC	29 & 30 May 2023	<ul style="list-style-type: none"> <li>Discussion of Eskom, loadshedding, and alternative energy, and support required by municipalities.</li> <li>Department of Water Sanitation Services Master Plan.</li> <li>Presentation by all municipalities on the Back-to-basic programme. BCMM presentation made by the City Manager’s Office.</li> <li>Petroleum SA Presentation –Update on the Provincial Oil &amp; Gas Stakeholder Engagement Framework &amp; Planned.</li> </ul>
Provincial Technical IGR Forum	1 June 2023	<p>To discuss:</p> <ul style="list-style-type: none"> <li>Draft DDM Action Plan.</li> <li>State of municipal finance as of 31 March 2023.</li> <li>Executive Committee (EXCO) Outreach concept.</li> <li>Progress report on provision of basic services.</li> <li>Functionality of IGR structures, including Section 56 managers’ vacancies per metro/district and local municipalities.</li> </ul>
Political MuniMEC Meeting	14 – 15 June 2023	<ul style="list-style-type: none"> <li>MEC political meeting with all Mayors and City Managers on the state of municipalities.</li> </ul>

Provincial Technical IGR Forum	6 October 2023	<p>To discuss:</p> <ul style="list-style-type: none"> <li>• Support to Local Government.</li> <li>• Update on DDM Action Plan.</li> <li>• EXCO outreach concept.</li> <li>• State of municipal finance as of 31 July 2023.</li> <li>• MuniMEC resolutions.</li> <li>• Functionality of IGR structures including Section 56 managers.</li> </ul>
Provincial Technical IGR Forum	28 July 2022	<p>To discuss:</p> <ul style="list-style-type: none"> <li>• Environmental scan.</li> <li>• Review of the IGRFA.</li> <li>• Progress report on frequency of IGR structures as per Terms of Reference.</li> <li>• Resolutions matrix of District/Metro IGR and City Manager's Forum.</li> <li>• Identification and escalation of resolutions.</li> <li>• Report on the participation of local municipalities on each structure.</li> </ul>
Provincial Technical IGR Forum	11 August 2022	<ul style="list-style-type: none"> <li>• State of the District &amp; Metro Municipalities.</li> <li>• Update on non-negotiables: Risk Adjusted Strategy Framework Implementation Plan.</li> <li>• Update on municipal financial performance &amp; support.</li> <li>• Update on Youth Development Programme.</li> <li>• Assistance with approvals for installation of mobile towers by Vodacom.</li> </ul>

			<ul style="list-style-type: none"> <li>• Update on establishment of Community Safety Forum (CSF).</li> <li>• Update on Electrification Programme (inclusive of the Load Shedding Impact Status Quo Report).</li> <li>• Update on the Eastern Seaboard</li> <li>• Update on DDM 'One Plan, One Budget, One District' Roll-Out Sessions in the EC Province.</li> <li>• Update on Disaster Management Implementation Protocol.</li> <li>• Update on Winter Initiation Season.</li> </ul>
Special Political MuniMEC Meeting		12 August 2022	<ul style="list-style-type: none"> <li>• Meeting for DOT to provide an update on the state of roads in the EC province.</li> </ul>
Political MuniMEC Meeting		1–2 September 2022	<ul style="list-style-type: none"> <li>• Introduction and expectations of the new MEC for CoGTA.</li> <li>• State of the District &amp; Metro Municipalities.</li> <li>• Presentation by ESKOM on load shedding.</li> </ul>
Provincial Technical IGR		27 October 2022	<p>To discuss:</p> <ul style="list-style-type: none"> <li>• Environmental scan.</li> <li>• Quarter two performance of district IGR structures.</li> <li>• Report on service delivery.</li> <li>• Presidential Hotline.</li> <li>• Gender-based Violence and Femicide (GBVF) Summit Intervention.</li> <li>• DDM One Plan Review Process Plan.</li> </ul>
Political MuniMEC Meeting		18 November 2022	<ul style="list-style-type: none"> <li>• Meeting of the MEC of CoGTA with all Mayors in districts and</li> </ul>

		<p>municipalities to discuss the state of municipalities, including the challenges and interventions required from the Provincial Government.</p>
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T2.3.2

## RELATIONS WITH MUNICIPAL ENTITIES

### Establishment Rationale

Municipal Systems Amendment Act 44 of 2003 (MSA):

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

### Municipal Entities

The entity of the BCMM is 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 the BCMM which is its primary shareholder. The current Chief Executive Officer of the Agency is Mr Bulumko Nelana who assumed his duties in October 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 Metro Growth and Development Strategy 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 by management and monitors the implementation of these plans. The Agency reports regularly 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 the management of programs. Below are some of the governance procedures that regulate the Agency:

- a) Council appoints Board Members for the entity.
- b) The Board appoints the CEO and the Executive Directors.
- c) The CEO reports to the Top Management of the City on a monthly and quarterly basis.

- d) The CEO is a member of the Municipal Council and forms part of the senior management team.
- e) Quarterly reports of the entity are submitted to BCMM Council.
- f) The City Manager of BCMM and appointed Councilors are Board Members of BCMDA.
- g) 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 5 years since the establishment of the Agency and it is evident that several 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 centred on investment attraction and economic growth in the City while maintaining strategic alignment with BCMM. The agency focuses 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 play 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) A stable, financially viable and fully capacitated agency delivering its mandate efficiently and effectively
- b) A dynamic tourist destination through infrastructure investment and promotion
- c) Acquire, plan, develop and manage land and buildings
- d) The facilitation and delivery of socio – economic development programmes
- e) 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 the BCMM for funding may prove to be unsustainable in the future, requiring alternative sources of revenue / a more sustainable funding model. The following are possible revenue sources:

- a) Grants and Bonds
- b) Loans
- c) Interest
- d) Donations and Sponsorships
- e) Dividends
- f) Rentals and Sales

In addressing this, the Agency has 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 City. As a step towards this, the BCMDA has developed a broad Financial Sustainability Strategy Implementation Plan which has been adopted by the Board.

### **FLAGSHIP CAPITAL PROJECTS**

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

### **SUPPORT REQUIRED BY BCMDA**

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

### **CONCERNS RAISED THROUGH VARIOUS ENGAGEMENTS WITH DEVELOPERS**

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

T2.3.3.

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

**DISCLAIMER: NOT APPLICABLE TO BCMM**

**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 the Council. This ensured the 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.

**T2.4.0**

#### **COMMUNICATION, PARTICIPATION AND FORUMS**

- **Youth Forum**

Person Persons with disabilities often bear a triple burden of marginalisation and exclusion, stemming from their disability, belonging to another vulnerable group (such as the elderly), and often being economically inactive. Anecdotal statistics indicate that persons with disabilities are not well represented in business, politics, and academia. To support these groups and enhance the effectiveness and efficiency of this forum, an information-sharing session was conducted.

Young people are the future and constitute one of the key stakeholders in the community; thus, continuous engagement with them is essential. In an effort to bridge this gap, a pilot initiative involved the use of the Theta Nathi Youth Development Mobile Application. This innovative platform was piloted online to collect ideas and opinions from the youth regarding the municipality.

Several public communication initiatives which were undertaken as part of the IDP/Budget review process, include the following:

**Table 14: Public communication initiatives undertaken**

<b>EVENT/ITEM</b>	<b>DATE OF EVENT/ITEM</b>	<b>DATE OF ADVERT</b>
Adoption of 2022/23 Process Plan	25 August 2021	06 August 2021
Adoption of the Draft IDP 2022/23 (request for public comments)	30 March 2022	05 April 2022
IDP/Budget Roadshows	14 April – 05 May 2023	April 2023
Council Open Day	12 May 2023	
Adoption of IDP/Budget 2022/23	31 May 2022	08 June 2022

T2.4.1

## **WARD COMMITTEES**

### **Key purposes of ward committees**

Ward Committees are democratically elected members of the community to facilitate participatory democracy and promote effective local governance at the grassroots level. They assist the ward councillor in carrying out his or her mandate in the most democratic manner possible. They represent a wide variety of community interests, concerns, and needs related to local governance issues. They aim to enhance community participation and involvement in local decision-making. Ward committees play a vital role in promoting local development initiatives. They act as information sharing platform between the local government and communities. They also contribute to fostering social cohesion and community building efforts.

Ward committees empower citizens, enhance local governance, and improve the quality of life in their communities by fostering citizen participation, representation, and community engagement.

### **Training and Capacity-building of New Ward Committees**

Capacity building workshops and programmes are planned to improve the ward committee participation in the Metro activities. The new Ward Committees for the new term of Council were inducted by the Provincial Department of Corporative Governance & Traditional Affairs

in June 2022. The newly elected members signed a code of conduct which provides ward members with guidelines on what is required of them in their personal behaviour and relationship with community at large during their period in office.

Subsequently, a refresher training was conducted from 16 to 19 May 2023 due to various complaints submitted regarding their conduct amongst others e.g. delaying or disrupting service delivery programmes; poor working relations with Ward Councillors; unavailability and non- attendance of meetings.

### **The major issues that the ward committee system has dealt with during the year.**

Development initiatives, poverty alleviation initiatives and other development undertakings are being planned and implemented in partnership with ward committees. Ward Committees participated in identification of ward priorities for the IDP and Ward Allocation Funds. Monitoring the implementation of ward plans. Playing an oversight role on behalf of communities over service provisions assisting Ward Councillors in their locality. They participate in Project Steering Committees for projects implemented within their wards. Reporting service blockages to relevant departments in the municipality with the assistance of the ward Councillor e.g. Sewerage, Water leakages, Faulty streetlights. They coordinate community awareness campaigns i.e. housing beneficiary registration, indigent registration, water, payments of rates and waste management.

They have also participated in IDP/Budget Roadshows, Green Forum workshop (Environment and Climate Change education), Credit control and electricity by-law as well as National and Provincial Amendment Bill public hearings.

### **Roles of ward committees**

- To increase the participation of residents in municipal decision-making, as they are a direct and unique link with the council;
- To participate in matters such as the IDP/Budget processes, municipal performance management, the annual budget, council projects and other key activities and programmes as all these things impact on local people;
- To identify and initiate local projects to improve the lives of people in the ward;

- To support the Ward Councillor in dispute resolutions, providing information about municipal operations;
- To monitor the performance of the municipality and raise issues of concern to the local Ward;
- To help with community awareness campaigns e.g. indigent registration, payment of rates, as members know their local communities and their needs.

### **Community Development Workers (CDWs)**

Community Development Workers are recruited and employed by the Department of Cooperative Governance and Traditional Affairs to act as the government's direct link to communities in order to promote democracy by bringing government nearer to people and to enable it to respond to community needs.

The Metro has 28 CDWs, who strive to improve community access to government services and strengthen coordination between the three spheres of government to ensure that services reach the people for whom they are intended. They assist communities with matters such as Birth Certificates, Identity Documents, Social Grants applications (old age, disability, foster care, child support, help put community members in touch with ways and means to raise finance to carry out development projects, and starting small businesses at their doorstep. As well as collecting data and developing ward profiles.

The role of the municipality is to provide and assist CDWs with their operational needs i.e. stationery, office space, IT equipment, transport, and furniture to enable them to perform their functions efficiently and effectively.

### **Capacity Building of Community Development Workers**

The Department of Cooperative Governance and Traditional Affairs (COGTA) require CDWs to submit their training needs every financial year, the department is responsible for their capacitation. However, the Metro invites all CDWs to attend Ward Committee Trainings and Workshops.

*T 2.4.2*

**Table 15: Public meetings**

<b>Public Meetings</b>						
<b>Nature and purpose of meeting</b>	<b>Date of events</b>	<b>Number of Participating Municipal Councillors</b>	<b>Number of Participating Municipal Administrators</b>	<b>Number of Community members attending</b>	<b>Issue addressed (Yes/No)</b>	<b>Dates and manner of feedback given to community</b>
Ward Committee meeting	Monthly	Ward Councillor	1 Public Participation Practitioner and invited officials when there is a need e.g. explanation of a project	10	Yes	Public meetings / Area meetings
Public meetings	Quarterly	Ward Councillor	Invited service delivery related officials (depending on issues to be discussed)	All	Yes	Public meetings / Area meetings
<b>Mayoral Imbizo:</b> to table the service delivery progress report on what the Metro has done for its community as well as other programmes/projects that are in the pipeline.	08,13,14,19 Oct 2023	100	50	Ncerha Village Hall (300 people); Jan Smuts Stadium (450 pple) N.U. 10 Community Hall. (250 pple) War Memorial Hall (300 pple)	Yes	
<b>IDP &amp; Budget Roadshows:</b> to present the draft IDP/Budget Plan to the communities.	14-19 April 2023	100	50	Venue: Tafileni Stadium, Mdantsane (2000 participants) Ginsberg Grounds (2000 participants) Ncerha Village (500 participants) Jan Smuts Sport Stadium (2500 participants)	Yes	

T 2.4.3

## COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS

1. The purpose of public meetings is to engage and address issues that affect communities.
2. Communities share their concerns and provide input on local development programmes and policies.
3. They provide an opportunity to hear directly from communities in order for the municipality to make more appropriate decisions based on the priority needs of the community.
4. They build trust and collaboration between communities and the municipality.
5. Community ownership is promoted to instill hope, own their projects and become part of the solution.
6. The concerns and inputs of the community regarding service delivery, general development of the community, disaster management and any other community concern are recorded.
7. Councillors provide feedback to their communities on issues that affect it from the Council as well as community concerns back to the municipality.
8. Public meetings assist the municipality to decide on which services to develop and improve.

T 2.4.3.1

**Table 16: IDP participation and alignment criteria**

<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/no</b>
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, key performance indicators (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
<i>T 2.5.1</i>	



## 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. Confidence in the organisation can only be guaranteed when there are reasonable assurances that the plans and strategies are being implemented under a strict and compliant legislative environment.

### 2.6. RISK MANAGEMENT

#### RISK GOVERNANCE AND APPROACH

The City is making continuous strides to enhance the risk management culture, ensuring its integration into planning, budgeting, daily operations, and, most importantly, decision-making processes. A risk management maturity assessment conducted during the under-review period ranked the City at level 3. While risk management processes have been designed and defined, the City has not yet achieved the desired level where risk management is fully ingrained in the organisational culture to reap the associated benefits. It is crucial to conduct continuous risk assessments to identify emerging risks and opportunities. Risk management involves not only recognising potential risks but also identifying opportunities that the City can explore to align with the strategic outcomes outlined in the MGDS. The following risks have been identified as the top risks for the City:

**Table 17: Top risks**

RISK NAME	RISK DESCRIPTION	ROOT CAUSES	MITIGATION STRATEGIES	STATUS OF IMPLEMENTATION AS AT 30 JUNE 2023
1. Financial Sustainability	Declining revenue collection rate.	1) Lack of full implementation of the revenue enhancement strategy. 2) Culture of non-payment by communities. 3) Billing challenges. 4) Theft of services (meter tampering).	1) Quarterly monitoring and reporting on the implementation of the Revenue Enhancement Strategy by directorates. 2) Implementation of Revenue campaign. 3) Implementation of Revenue campaign. 4) Conduct Indigent campaigns. 5) Review of standard operating procedures (SOPs).	1) The City is implementing its Credit Control Policy and the Revenue Enhancement Strategy. 2-3) The Thetha Nathi campaign and Smart Meter Education was held on 13, 20, and 27 May, as well as 3 June 2023. Regional offices were open from 08h30 until 16h30. 4) The Indigent campaigns were conducted from February until May 2023. 5) SOPs are reviewed annually.
2. Roads and Stormwater	Insufficient resourcing and funding for development	<b>Roads:</b> Based on the assessments done by the department, the current proportion of	1) Implement Road's Refurbishment programme to improve the condition of the roads network.	1) The quarterly performance targets for Road's resurfacing and regravelling have been achieved. The programme will continue in the 2023/2024 financial year.

	<p>and maintenance of a sustainable infrastructure network.</p>	<p>roads in the Poor to Very Poor condition grade is <math>\pm</math> 45% of the Surfaced roads and <math>\pm</math> 35% of the Gravel roads network.</p> <p><b>Stormwater:</b> There is a significant backlog in the maintenance and upgrade of the existing stormwater drainage systems in the City, with 21% of the infrastructure in poor condition. Changing climatic conditions due to global warming, such as severe droughts and floods, necessitate the upgrading and maintenance of the stormwater system.</p> <p><b>Sanitation:</b> Reticulation, pump stations, and</p>	<p>2) Continuous inspection and maintenance of road infrastructure.</p> <p>3) Continuous jetting and clearing of existing stormwater systems to ensure functionality.</p> <p>4) The Stormwater Rehabilitation programme is ongoing to improve the condition of existing infrastructure.</p> <p>5) Implement the Reticulation and WWTW Refurbishment programme to improve its condition.</p>	<p>2) The Bridge Refurbishment programme is ongoing. The Potsdam access road major culvert refurbishment has been completed. The barriers for the Abbotsford Bridge are in the process of being manufactured.</p> <p>3) Road maintenance is a continuous programme involving the repair of potholes within the Metro. The recent rainy weather has accelerated the occurrence of potholes. Additionally, challenges with vehicles, plant, and equipment have led to lower-than-anticipated rates of filling potholes.</p> <p>4) The stormwater jetting and clearing programme is ongoing, but due to resource constraints, essential routine maintenance cannot be consistently carried out. Only critical and vulnerable areas can receive attention. The persistent issue of solid waste entering the stormwater system continues to pose a challenge.</p> <p>5) While the rehabilitation of existing stormwater infrastructure is ongoing, there is a need to accelerate the pace of delivery to effectively</p>
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		WWTW infrastructure are aging and in need of renewal. Certain reticulation and wastewater treatment facilities are operating beyond their capacity and require upgrades.		address the backlog. Speeding up the process is essential to bring about meaningful changes to the system.
3. Safety and security of Municipal assets and infrastructure	Vandalism, damage, theft of municipal assets and infrastructure	<p>a) Insufficient security measures in certain public amenities, such as sports fields and community halls, etc.</p> <p>b) Decentralised approach to providing security services such as CCTV cameras.</p> <p>c) Increased rate of crime.</p>	<p>1) Roll-out of CCTV cameras in BCMM.</p> <p>2) Conduct security risk assessment for BCMM (in progress).</p>	<p>1) Tender at bid specification stage.</p> <p>2) Tender validity expired, and tender will be re-advertised.</p>
4. Supply Chain Management (SCM)	Non-compliance to SCM regulations (delays in	a) Inadequate institutional contracts management (lack of	1) Finalise the Cities' Infrastructure Delivery and Management System (CIDMS) Policy.	<p>1) CIDMS Policy is under consideration. The development is at 80%.</p> <p>2) The E-Procurement contracts module is currently under implementation, with user</p>

	resolving irregular fruitless and wasteful expenditure).	role clarification between units and departments). b) Disclosure of backlog in historical irregular expenditure.	2) Implement automated contract services. 3) Fill senior vacant position.	departments undergoing training on how to input contracts into the system. 3) Vacant positions still exist; job evaluations for these positions are pending and not yet finalised.
5. Climate change and disaster management	Inability to fully render efficient and effective waste management services (Non-exploration of alternative methods to improve solid waste management).	1) Lack of waste management facilities, e.g., Transfer stations; waste recovery facilities, recycling, and buy-back centres. 2) Old and dilapidated plant. 3) Non-exploration of alternative methods to improve solid waste collections. 4) Overcrowding in accommodation and increasing rate of informal settlements. 5) Lack of maintenance of private vacant land.	1) Adoption of the draft Integrated Waste Management Plan (IWMP) by Council. 2) Construction and upgrading of mini garden transfer stations. 3) Purchase of fleet. 4) Establishing of buy-back centres. 5) Implement a community-based approach for integrated waste management, greening and beautification of the City. 6) Formalising and registering informal waste pickers.	1) The IWMP has been approved by Council. 2) A service provider has been appointed for installation of guard rails in Kidd's and Kayser's Beach Garden\Transfer Stations. 3) Fleet has been procured for solid waste management operations. 4) Buy-back centres have been established for waste diversion from landfills to waste beneficiation. 5) A pilot project aimed at formalising waste pickers through registration has been implemented, and a database has been established.

		6) Inadequate enforcement of by-laws 7) inadequate community behavioural patterns. 8) Inadequate regulation of informal waste pickers.		
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It should be noted that there has been slight improvement on the City's risk profile compared to the previous year. This can be attributed to the nature of the mitigation strategies, which are primarily long-term in nature. Significant impact is anticipated only after their full implementation.

### **Risk Management Committee**

The BCMM has formed the Risk Management Committee to support the Accounting Officer in meeting their risk management obligations as outlined in relevant legislation and corporate governance principles. This committee comprises a mix of external and internal members, bringing together diverse skills and knowledge.

The Risk Management Committee's main goal is to aid the Accounting Officer in fulfilling their responsibility for risk management. This involves assessing the effectiveness of the Institution's risk management systems, practices, and procedures, and offering recommendations for enhancement. The committee convenes four times annually in alignment with the approved institutional calendar for the year under review. Quarterly reports on the status of risk management are presented to the Audit Committee, which serves in an oversight capacity and is mandated to report to the Council on the status of risk management within BCMM.

***T 2.6.1***

## **2.7 ANTI-CORRUPTION AND FRAUD**

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

The BCMM maintains a zero-tolerance policy towards fraud, corruption, and maladministration, and is dedicated to conducting business in an open and transparent manner. As part of a proactive stance, the City has formulated a fraud mitigation strategy. This strategy aims, among other things, to effectively mitigate the City's exposure to fraud risks. It articulates a resolute and proactive stance against fraud and corruption, pledging to proactively identify and investigate allegations, prosecute offenders, and encourage both staff and stakeholders to promptly report any incidents.

Annually, the City performs a Fraud Risk Assessment to pinpoint areas vulnerable to the risk of fraud. This assessment also evaluates the efficacy of current controls, enabling management to take proactive measures in addressing identified fraud risks and enhancing the overall internal control environment.

### **Fraud Awareness Campaigns**

Embracing the concept of preventing fraud is crucial for all stakeholders, and to foster this, continuous training and fraud awareness campaigns are consistently conducted. These campaigns take place throughout the year and utilise various platforms, including service desks, formal workshops/trainings, and the display of visible fraud awareness posters in all municipal buildings.

### **Whistle Blowing Platform**

As a proactive measure, the Municipality has established a fraud hotline, serving as a dedicated reporting channel for employees, suppliers, contractors, and other third parties to report irregular activities without fear of victimisation or repercussions. The hotline, accessible through the toll-free number (0800668413, call back 30916), operates 24 hours a day, 7 days a week, and 365 days a year. Residents can use the toll-free number to request a call back and lodge their reports confidentially.

The hotline is hosted by an independent external service provider responsible for managing all calls and submitting them to the municipality for processing. Numerous reports have been received through this platform, covering issues such as electricity theft/tampering and allegations of fraud and corruption. The subsequent actions taken depend on the nature of the concern. Potential responses include investigations conducted by line management, legal services, or, in cases of financial misconduct, referral to the disciplinary board for further investigation. In certain instances, reports may also be forwarded to other law enforcement agencies for appropriate action.

**T 2.7.1**

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **2.8. OVERVIEW SUPPLY CHAIN MANAGEMENT**

#### **SUPPLY CHAIN MANAGEMENT (SCM)**

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

During the year under review, Supply Chain Management Policy was reviewed and adopted by the Council.

Furthermore, Buffalo City Metropolitan Municipality adopted a new way of transacting with suppliers by means of the Electronic Procurement System (eProcurement) and this system was implemented to automate SCM processes as it's cost and time efficient. This allows fairness and transparency to BCMM suppliers.

With regard to Contracts Management , Buffalo City Metropolitan Municipality has managed to cover ground with its implementation, however, due to technical and testing issues, there were delays in implementation of the Contracts Management Module. The system was not implemented as per the dates shown in the **Project Plan (19 August 2022)** however, the implementation of Contracts Management Module was later deployed on the 22<sup>nd</sup> of September 2022. All active BCMM contracts have been captured on the Contract Management Module

Details of what has been done including performance highlights are outlined in Chapter 5 (5.12) of this annual report.

T 2.8.1

## 2.9 BY-LAWS

**Table 18: By-laws introduced during year 2022/2023**

<b>BY-LAWS INTRODUCED DURING YEAR 2022/2023</b>					
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
Car Wash Business By-Law (Draft)		No	September 2023	No	N/A

T 2.9.1

## COMMENT ON BY-LAWS

During 2022/23, the Council developed and adopted the Draft Car Wash By-Law. This initiative was prompted by the observation that car-wash businesses were proliferating across the City, with many young people perceiving it as a viable avenue for self-employment. However, the unregulated expansion of these businesses resulted in adverse side effects, including water losses, damage to road infrastructure, encroachment on private property, illegal connections, sewer pipe blockages, and noise pollution. The introduction of the by-law aims to address and mitigate these issues associated with uncontrolled car-wash operations.

**T 2.9.1.1**

## 2.10. WEBSITES

**Table 19: Websites**

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	Yes	Annual 01/06/2022 01/09/2022 (1 <sup>st</sup> Adjustment Budget) 03/03/2023 (2 <sup>nd</sup> Adjustment Budget) 10/05/2023 (3 <sup>rd</sup> Adjustment Budget)
All current budget-related policies (2022/2023 Framework for Conditional grants)	Yes	01/11/2022
The previous annual report (2021/2022)	Yes	07/02/2023
The annual report (2022/2023) published/to be published	Yes	February 2024
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2022/2023) and resulting scorecards	Yes	07/07/2022
All service delivery agreements (2022/2023)	Yes	07/07/2022

All long-term borrowing contracts (2022/2023)	No	N/A
All supply chain management contracts above a prescribed value (give value) for 2022/2023	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	December 2016
Contracts agreed in 2022/2023 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	07/07/2017
Public-private partnership agreements referred to in section 120 made in 2022/2023	No (there were no PPP agreements during the year under review)	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2022/2023	Yes	Q4 – (2021/2022) – 29/07/2022 Q1- (2022/2023) – 31/10/2022 Q2- (2022/2023) – 01/02/2023 Q3 – (2022/2023) – 02/05/2023
		<i>T 2.10.1</i>

**Table 20: Comment on municipal website and access – website stats (July 2022 – June 2023)**

<b>COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS</b>			
<b>WEBSITE STATS: JULY 2022 – JUNE 2023</b>			
Pages and Clicks			
<b>JULY 2022 – SEPTEMBER 2022</b>	<b>OCTOBER 2022 – DECEMBER 2022</b>	<b>JANUARY 2023 – MARCH 2023</b>	<b>APRIL 2023 – JUNE 2023</b>
Clicks – 25 850 Page Impressions – 408 766	Clicks – 30 899 Page Impressions – 663 460	Clicks – 22 929 Page Impressions – 587 244	Clicks – 19 839 Page Impressions – 667 992
<b>Top Devices Utilised</b>			
Desktop			
Mobile			
<b>Top 2 Search Engines</b>			
Google Chrome			
Mozilla Firefox			
<b>Most Viewed Public Notices</b>			
Buffalo City Mayoral Bursary Fund 2022			
<b>Most Viewed Vacancies</b>			
INTERNSHIP PROGRAMME 2021/2022 FINANCIAL YEAR			
<b>Top 5 Countries</b>			
China			
South Africa			
Germany			
India			
USA			
			<b>T2.10.1.1</b>

## **2.11. PUBLIC SATISFACTION WITH MUNICIPAL SERVICES**

### **PUBLIC SATISFACTION LEVELS**

**NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING 2022/2023 FINANCIAL YEAR.**

**T2.11.1.**

### **SATISFACTION SURVEYS UNDERTAKEN DURING THE YEAR 2022/2023**

**NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING 2022/2023 FINANCIAL YEAR.**

**T2.11.2.**

### **SUMMARISED AVERAGE SATISFACTION LEVELS PER SERVICE 2020/21**

**NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING 2022/2023 FINANCIAL YEAR.**

**T2.11.2.1**

### **COMMENT ON CUSTOMER SATISFACTION LEVELS**

**NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING 2022/2023 FINANCIAL YEAR.**

**T2.11.2.2.**

# CHAPTER 3

## COMPONENT A: BASIC SERVICES

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

#### INTRODUCTION TO BASIC SERVICES

The service delivery commitments for the Buffalo City Metropolitan Municipality were set within the context of a targeted pro-poor service delivery agenda arising from the dedicated approach of the new term of local government. The focus was on ensuring improved, dependable and impactful service delivery to communities. The underpinning strategy for this trajectory of service delivery included the acceleration of responsiveness to speedily resolve service delivery blockages and coordinated onsite responses to observed service delays for immediate community relief. The City's efforts of improving service delivery also focused on the strengthening of the well-established service delivery processes and practices. The provision of sustainable basic services to improve the living conditions of the most disadvantaged residents and pushing for growth and development through supporting initiatives for business development and job creation took centre stage.

#### Water and Sanitation

The BCMM municipality extends water services to all its consumers, with the Amatola Water Board catering to certain sections of the Municipality by providing bulk water services. The levels of service for water are categorised into two groups:

1) Rural areas and households outside the urban edge:

Communal standpipes are supplied based on RDP standards.

2) Formal settlements within the urban edge:

Households in formal settlements within the urban edge benefit from a full pressurised water supply through erf connections.

BCMM 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 BCMM 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 97% 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 categorised into two groups, encompassing full waterborne services in urban and certain peri-urban settlements, while VIPs are provided in rural areas.

Wastewater in urban areas is managed through a network comprising around 2 442 km of reticulated pipes, 97 sewerage pump stations, and 15 WWTW. The region's topography necessitates the presence of several sewage pump stations and pipe bridges within distinct drainage regions, posing additional challenges for operation and maintenance. Some areas confront elevated levels of infrastructure vandalism, illegal electricity connections, and cable theft.

## **Electricity**

As mandated by the Electricity Regulation Act, 2006 (Act 4 of 2006), the Electricity and Energy Department must provide a reliable and well-maintained electrical network; in particular, the Act states:

2. The objects of this Act are to-

- a) Achieve the efficient, effective, sustainable, and orderly development and operation of electricity supply infrastructure.
- b) Facilitate investment in the electricity supply industry.
- c) Facilitate universal access to electricity.
- d) Promote the use of diverse energy sources and energy efficiency.

To achieve the objectives of the Act, BCMM must implement the following:

- **Capital Projects** to upgrade, refurbish and replace the electrical network, thereby ensuring a safe and reliable electrical service.
- **Universal Access RDP Dwellings:** BCMM continues to implement an electrification project to provide universal access to electricity to all.
- **Universal Access Informal Dwellings:** Electrification of informal areas remains a priority in BCMM, the pace of electrification within informal areas.

Note: As a minimum, the program calls for a 20 amp service connection; BCMM provides an above minimum 40 amp service connections to all low-income dwellings within the BCMM area of supply (Within the urban edge).

## Housing

The Housing Act, No. 107 of 1997, states that interventions must be integrated when drawing up a plan for human settlement development.

The Housing Code of 2009 outlines various strategies and policy categories, including:

- Integrated Residential Development Programme (IRDP).
- Upgrading of Informal Settlement Programme (UISP).
- Individual Housing Subsidies-Credit and Non-Credit Linked and the Financed Linked Individual Subsidy Programme (FLISP).
- People's Housing Process (PHP) projects.
- "Breaking New Ground": A Comprehensive Plan for the Development of Sustainable Human Settlements (2004).
- Eastern Cape Housing Beneficiary Allocation Policy (2018).
- Incremental Housing Programmes.
- Social and Rental Housing Programmes, and
- Financial interventions.

When the right combination of intervention projects is imitated in the most appropriate areas within the Municipality, the result will be the development of sustainable human settlements.

The BCMM Integrated Sustainable Human Settlements Plan (ISHSP) was approved and adopted by the BCMM Council on June 2019. The ISHSP includes a 5-year Implementation Plan featuring diverse projects, including house construction, internal services installation, informal settlement upgrading, and the development and review of human settlement policies. Furthermore, the ISHSP aims to tackle land challenges within the City, outlining that the Spatial Planning and Development Directorate should acquire approximately 150 hectares of land per annum.

The ISHSP functions as a guiding document, providing a strategic direction for the creation and development of human settlements within the jurisdiction of the BCMM. These strategies are formulated and informed by the objectives outlined above, which, in turn, are derived from the overarching vision of the ISHSP.





**Figure 5: Relationship between the Vision, Objectives, and Strategies**

### **Waste Management**

The Solid Waste and Environmental Management Directorate has intensified its efforts to enhance service delivery by collaborating with BKCOB and BCMDA. Special focus has been given to various areas, including formal settlements, informal settlements, CBDs, tourist attraction areas, student villages, etc., in all three regions of the BCMM – the Coastal, Midland, and Inland regions.

In collaboration with BKCOB and BCMDA, BCMM has effectively established eight (8) Buy-Back Centres across all three regions of the city. These Buy-Back Centres have had a positive impact on the communities by providing incentives, enhancing cleanliness, and reducing the incidence of illegal dumping.

In collaboration with BCMDA, BCMM has implemented the Integrated Cleaning and Greening programme, significantly enhancing the cleanliness of the city. This initiative involves activities such as street cleaning, gutter clearance, and the removal of illegal dumps.

**T 3.1.0**

## **3.1. WATER PROVISION**

### **INTRODUCTION TO WATER PROVISION**

The national DWS holds responsibility for ensuring the availability, security, and sustainability of water services for municipalities. In alignment with this constitutional

mandate, the DWS has instituted the Amatola Water Supply System Reconciliation Strategy Steering Committee, consisting of all the WSAs that receive water from the Amatola Water Supply System (AWSS). BCMM sources a portion of its bulk water from the Amatola Water Board, established through an agreement between the Municipality and the waterboard. The AWSS supplies approximately 84% and 67% to EL and Mdantsane areas, respectively, with the remainder sourced from the Keiskamma System and standalone underground water supply schemes.

The AWSS provides domestic, industrial, and agricultural water to BCMM, as well as to portions of Ngqushwa and Amahlati Local Municipalities within the ADM. The supply system includes the following dams: Bridle Drift Dam, Gubu Dam, Laing Dam, Maden Dam, Nahoon Dam, Rooikrantz Dam, and Wriggleswade Dam. The implementation of the Reconciliation Strategy is guided by the Strategy Steering Committee (SSC) comprising representatives of the DWS, BCMM, ADM, Amatola Water Board, and other strategic partners. The Municipality has commenced an effluent re-use study, with the potential to contribute an additional 20 megalitres of treated wastewater effluent to the system.

During the last Blue Drop Certification audit, with results published in 2014, BCMM received a score of 72%, which fell below the threshold for certification. It is crucial to note that this score does not indicate that the Municipality's water quality is below the required standards. In reality, the quality of the water supplied to consumers consistently surpasses a 95% compliance rate. Remarkably, the Municipality has achieved an impressive 98% water quality compliance with national standards (SANS 241) in the past four financial years consecutively.

The provision of water services is categorised into two levels:

(1) Rural areas or households outside the urban edge and informal settlements:

Communal standpipes are provided, adhering to the RDP standard of access, ensuring that water is accessible within a 200-metre radius.

(2) Households within the urban edge:

Full pressurised water supply is extended to households situated within the urban edge, facilitated through erf connections.

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

**Table 21: Service delivery objectives**

<b>Description</b>	<b>Baseline</b>	<b>Target</b>	<b>Actual</b>
% 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%	35%	37,66%

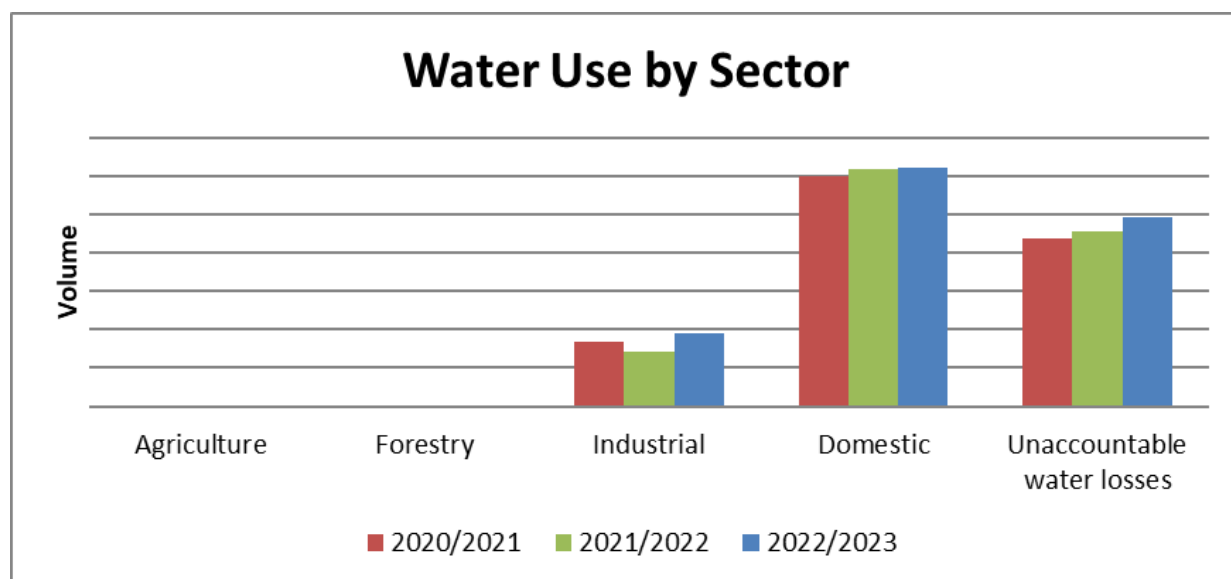
BCMM has given priority to addressing water losses and non-revenue water by implementing pipe and water meter replacement programmes. In the last three financial years, the Municipality has invested over R200 million in these initiatives. Furthermore, there is a budget allocation of R199 075 140 million in the Mid-term Budget and Expenditure Framework to continue with the programme. The programme includes the replacement of outdated water meters and the installation of an advanced remote smart meter reading system to mitigate metering inaccuracies. Simultaneously, the Municipality is in the process of upgrading its data acquisition and telemetry system to enable efficient remote monitoring of water distribution and pumping systems, aiming to decrease water distribution losses.

BCMM has identified several instances of illegal water connections, especially in rural supply schemes to communities. Infrastructure vandalism poses a significant challenge. To ensure access to water services, the Municipality has installed water service points in informal settlements. Needs within informal settlements are identified through collaboration with communities and Ward Councillors, and the Municipality responds accordingly. In addition, 250 (5 per ward) ward-based community members have been employed to address leaks on standpipes and undertake repairs on indigent households beyond the water metre. The Municipality operates a 24-hour call centre every day for registering service disruptions and complaints. Furthermore, complaints can be logged during office hours at the help desks of the various service centres.

**T 3.1.1**

**Table 22: Total use of water by sector**

Total Use of Water by Sector (cubic metres)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2020/21	0	0	8 322 397	30 016 670	21 818 438
2021/22	0	0	7 172 913	30 870 791	22 824 585
2022/23	0	0	9 535 099	31 091 344	24 539 655
					T 3.1.2



**Figure 6: Water use by sector**

**COMMENT ON WATER USE BY SECTOR**

The Reconciliation Strategy assesses the health of the AWSS's yield and predicts the period the demand will surpass available supplies. By 2027, the Municipality must enhance its water resources and implement effective water demand management to optimise the system. Presently, the system is sufficient to meet high growth projections until the specified period. The Metro has reliably provided water services to communities. A total volume supplied in the 2022/2023 financial year has increased by 7,06% (4 297 809) kilolitres, as opposed to the previous year increase of 1,18% (710 783) kilolitres.

There are approximately 850 rural non-residential consumer units within the Municipality, comprising schools, clinics, police stations, sports facilities, and other similar establishments. These units often rely on rudimentary standalone water supplies and typically have basic onsite dry sanitation facilities. Importantly, these facilities are not currently serviced by the

Municipality. No substantial growth in the number of public institutions and dry industries is expected in the short to medium term, although there are proposed and/or planned developments that have been submitted for approval by the city.

T 3.1.2.2

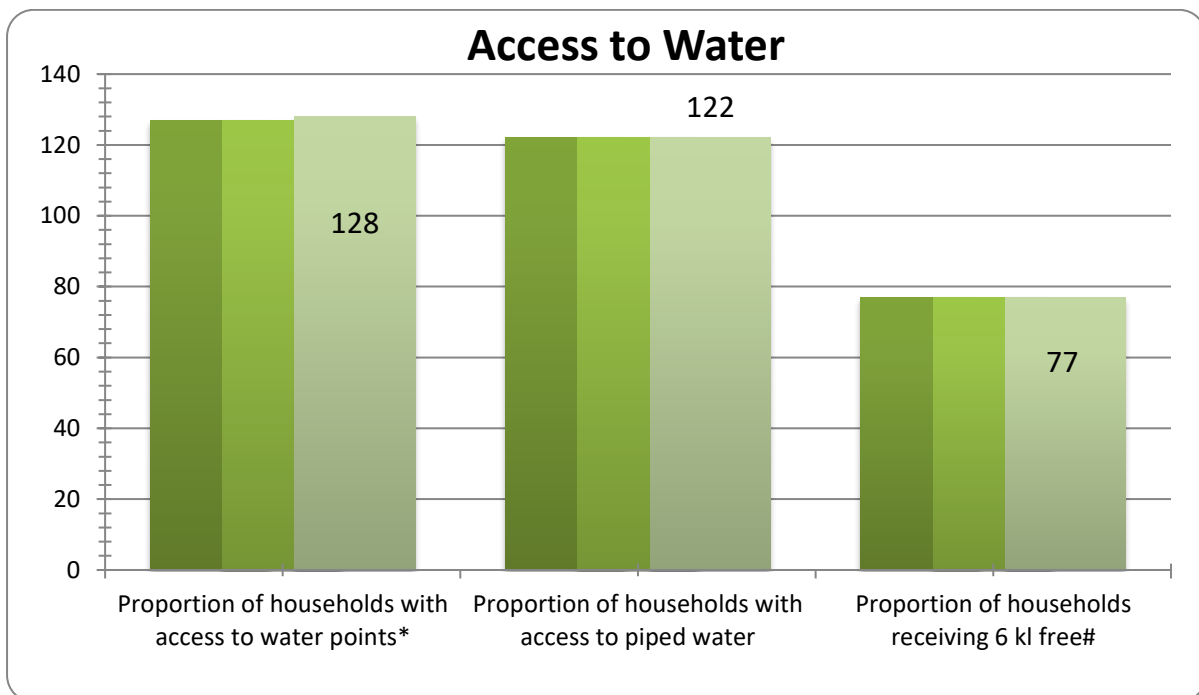
**Table 23: Water service delivery levels**

<b>Water Service Delivery Levels</b>				
<b>Description</b>	<b>Households</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>No. (000)</b>	<b>No. (000)</b>	<b>No. (000)</b>	<b>No. (000)</b>
<b>Water: (above min level)</b>				
Piped water inside dwelling	122	122	124	124
Piped water inside yard (but not in dwelling)	-	-	-	-
Using public tap (within 200 m from dwelling)	126	127	127	127
Other water supply (within 200 m)	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	248	249	251	251
<i>Minimum Service Level and Above Percentage</i>	98%	98%	99%	99%
<b>Water: (below min level)</b>				
Using public tap (more than 200 m from dwelling)	-	-	-	-
Other water supply (more than 200 m from dwelling)				
No water supply				
<i>Below Minimum Service Level sub-total</i>	5	4	2	2
<i>Below Minimum Service Level Percentage</i>	2%	2%	2%	1%
<b>Total number of households*</b>	<b>253</b>	<b>253</b>	<b>253</b>	<b>253</b>
* - To include informal settlements				T 3.1.3

**Table 24: Households – water service delivery levels below the minimum**

Households – Water Service Delivery Levels below the minimum						
Description	Households					
	2019/20	2020/21	2021/22	2022/23		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	122	122	124	124	124	124
Households below minimum service level	-	-	-	-	-	-
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	126	127	127	127	127	127
Households below minimum service level	5	4	2	2	2	2
Proportion of households below minimum service level	2%	2%	2%	1%	1%	1%

T 3.1.4



**Figure 7: Access to water**

*Means access to 25 litres of potable water per day supplied within 200 m of a household and with a minimum flow of 10 litres per minute*

*# 6 000 litres of potable water supplied per formal connection per month*

**Table 25: Water service policy objectives taken from IDP**

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2020/21		2022/23		2023/24	2024/25		
		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)
<b>Service Objective xxx</b>									
<b>To ensure water supply systems in BCMM are compliant with Blue Drop Certification</b>	Additional Households (HHs) provided with minimum water supply during the year (Number of HHs without supply at year end)	517 additional HHs, (6 455 HHs outstanding )	578 additional HHs, (5 877 HHs outstanding )	578 additional HHs, (5 877 HHs outstanding )	500 additional HHs, (5 377 HHs outstanding )	2 947 additional HHs, (2 430 HHs outstanding )	350 additional HHs (2 080 HHs outstanding )	500 additional HHs (1 580 HHs outstanding )	500 additional HHs (1 080 HHs outstanding )
<b>To ensure universal access to potable BCMM</b>	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx Ints of one hour or	4 Ints	4 Ints	4 Ints	Less than 12 Ints	4 Ints	Less than 4 Ints	Less than 4 Ints	Less than 4 Ints

	more during the year)								
<b>To ensure effective conservation and demand management of water resources in BCMM</b>	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres unaccounted for during the year)	T5% (800 000 kl)	36,27% (1 486 425 kl)	36,27% (1 486 425 kl)	35% (800 000 kl)	37,50% (1 486 425 kl)	37% (800 000 kl)	36% (800 000 kl)	35% (800 000 kl)
									<b>T 3.1.6</b>



**Table 26: Employees: Water services**

<b>Employees: Water Services</b>					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	13	7	4	3	42,8%
4 – 6	169	180	169	11	6,11%
7 – 9	40	42	39	3	7,1%
10 – 12	62	72	62	11	15,2%
13 – 15	8	10	8	2	20%
16 – 18	77	7	7	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>369</b>	<b>318</b>	<b>289</b>	<b>30</b>	<b>9,4%</b>
					<i>T 3.1.7</i>

**Table 27: Financial performance 2022/2023: Sanitation services**

Financial Performance 2022/2023: Sanitation Services					
R'000					
Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>601 148</b>	<b>598 008</b>	<b>598 812</b>	<b>611 332</b>	<b>2%</b>
Expenditure:					
Employees	139 105	141 637	142 410	142 410	1%
Repairs and Maintenance	37 397	156 823	46 131	42 483	-269%
Other	319 962	85 836	392 710	271 408	68%
<b>Total Operational Expenditure</b>	<b>496 463</b>	<b>384 296</b>	<b>581 252</b>	<b>456 301</b>	<b>16%</b>
<b>Net Operational Expenditure</b>	<b>(104 685)</b>	<b>(213 712)</b>	<b>(17 559)</b>	<b>(155 031)</b>	<b>-38%</b>
<i>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.</i>					
T 3.1.8					

**Table 28: Capital expenditure 2022/2023: Water services**

Capital Expenditure 2022/2023: Water Services					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>160 980</b>	<b>112 837</b>	<b>112 533</b>	<b>-43%</b>	
UPGRADE WATER NETWORKS	7 204	7 037	7 004	-3%	8 690
WATER BACKLOGS	14 500	14 259	14 259	-2%	34 551
PIPE AND WATER METER REPLACEMENT IN BHISHO, QONCE & DIMBAZA	6 000	6 723	6 723	11%	15 108
PIPE AND WATER METER REPLACEMENT IN EL	4 500	4 247	4 247	-6%	26 168
PIPE AND WATER METER REPLACEMENT IN MDANTSANE	5 000	5 000	4 989	0%	5 000
DISTRIBUTION – AMAHLEKE WATER SUPPLY	3 200	3 117	3 117	-3%	9 879
ALTERNATIVE WATER SUPPLY	13 000	13 073	15 514	16%	14 564
ALTERNATIVE WATER SUPPLY	–	2 688	–	0%	2 688

UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	35 000	31 887	31 887	-10%	33 356
UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	50 000	–	–	0%	–
W/DEMAND MANGM – WATER CONSERV – PRV STA	6 576	6 655	6 654	1%	18 817
INFORMAL SETTLEMENTS	16 000	18 151	18 138	12%	23 797
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<b>T 3.1.9</b>

### COMMENT ON WATER SERVICES PERFORMANCE OVERALL

Water Supply Services performance targets and achievements for 2022/2023 SDBIP are as follows:

**Table 29: Water supply performance targets and achievements for 2022/2023**

DESCRIPTION	BASELINE	TARGET	ACTUAL ACHIEVEMENT
% of households with access to basic level of water supply	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% (248 607 h/h) to 99% (250 530 h/h), which is 0,8% or 1 923 households in the year under review. Compliance of water treatment works with national water quality standards (SANS 241) is within the target of 98%, set in the financial year under review.

The four largest capital programmes/projects implemented in 2022/2023 are indicated in the Table below.

**Table 30: Four largest capital programmes/projects implemented in 2022/2023**

<b>Description</b>	<b>Details</b>
Augmentation of Water Treatment Capacity	Refurbishment/upgrading of Umzonyana Filtration System, Design of the Electrical & Mechanical Upgrade of the Mdantsane Pump Station & Filter MCC.
Bulk Water Supply to Coastal Areas)	Construction of bulk water supply to eradicate backlogs and augment water supply to coastal areas.
Amahleke Water Supply	Design and construction of Mngqesha village reticulation and 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 tackle challenges related to water treatment works compliance, aging infrastructure, housing delivery, and economic development, the municipality has initiated several projects. These include the Augmentation of Treatment Capacity; Amahleke Water Supply; Newlands Water Supply; and Bulk Water Supply to Coastal Areas.

Efforts to address water shortages in our newly acquired areas involve ongoing investigations, designs, and the provision of bulk water infrastructure to East Coast Areas, specifically in Ward 50 – Kwelera Villages, and Wards 35 and 38. However, progress is hampered by budgetary constraints.

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

**Table 31: Budget allocation of MTREF**

<b>Financial Year</b>	<b>Budget</b>
2022–2023	R105 205 315
2023–2024	R176 027 604
2024–2025	R181 664 412
Total	R462 897 331

Water backlogs affect around 1% of the total municipal population. To eliminate these backlogs within the Municipality, a budget of R365 million is necessary. The constrained budget allocation for the operation and maintenance of water services leads to frequent breakdowns in the water supply system. Additionally, infrastructure vandalism has emerged as a notable challenge in recent years, but efforts are being made to address this issue.

*T 3.1.10*

## **3.2 WASTEWATER (SANITATION) PROVISION**

### **INTRODUCTION TO SANITATION PROVISION**

BCMM delivers sanitation services to households in urban, peri-urban, and rural areas. The Municipality upholds a waterborne system as the baseline for sanitation services in urban and peri-urban areas, employing either a reticulation system or septic/conservancy tanks for on-site sanitation in areas not yet connected to a reticulated system.

Currently, the reticulated wastewater network is served by 15 WWTW, which include five Activated Sludge Systems, five Biological Trickling Filter Systems, four Ponds Systems, and a Marine Discharge System in Hood Point in the West Bank area. As part of the municipal plan, there is an intention to decommission three wastewater plants based on their functionality and redirect all sewage to the upgraded Zwelitsha Regional Wastewater Treatment Plant. The Municipality has a reticulation network of various pipe sizes, totally approximately 2 442 km, with 97 sewerage pump stations and rising mains in some areas.

The sewerage infrastructure across BCMM is generally in fair to poor condition, with certain catchments encountering issues such as insufficient conveyance, treatment capacity constraints, and aging infrastructure. Several WWTW, including Mdantsane, Potsdam, Berlin, and Central WWTW, have not undergone major refurbishments in the last 20 years, leading to critical deterioration in mechanical and electrical equipment.

Despite the challenges, BCMM has made substantial investments in wastewater infrastructure by implementing a regionalisation programme for wastewater treatment. A notable achievement is the recent upgrade of the Reeston WWTW, increasing its treatment capacity from 2 megalitres to 10 megalitres. This was done to allow for diversion of Central WWTW 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 WWTW .

Similarly, BCMM has invested approximately R450 million in upgrading the Zwelitsha WWTW to transform it into a regional wastewater treatment facility. This will facilitate the decommissioning of the Schornville WWTW as well as Bhisho and Breidbach Ponds. Upon the completion of upgrades at the Zwelitsha treatment works, the Municipality will be able to lift the development moratorium in Qonce and surrounding areas. This moratorium is currently in place due to inadequate bulk sewerage treatment infrastructure.

BCMM is currently upgrading the Hood Point Marine Discharge Screening Station to allow for more treatment capacity for the developing West Bank area. Additionally, the Municipality has obtained environmental authorisation to build a deep-sea marine outfall sewer spanning approximately 1,4 km at Hood Point, with an estimated construction cost of around R450 million. Likewise, the expanding development in coastal areas, such as Kidd's Beach, has prompted the Municipality to reassess existing master plans for these regions. The current treatment technologies are not adequately designed to accommodate the current high growth rates. Concurrently, the Municipality is in the process of 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.

Moreover, the Municipality is confronted with elevated levels of infrastructure vandalism, illegal electricity connections, and cable theft in certain areas. These challenges lead to periodic spillages into the environment, with some instances of prolonged spillages due to repeated vandalism and illegal electricity connections in other areas.

The proliferation of densely populated informal settlements in urban areas, situated above wastewater sewers, presents challenges related to the deposition of foreign objects into the system, illegal sewer connections, frequent blockages, and impedes the effectiveness of maintenance teams in conducting repairs and maintenance. The Municipality is formulating plans to enhance housing delivery in locations such as Duncan Village, Nompumelelo, and surrounding areas. This initiative is anticipated to alleviate the current issue of sewage overflows resulting from informal settlements and backyard dwellers in these areas.

Since 2010, BCMM has implemented a programme for the provision of waterborne ablution facilities in informal settlements. Approximately 100 toilet seats are installed annually, equating to the provision of sanitation services for around 1 000 households each year. This is based on the empirical standard that each toilet seat provides access to at least 10 households in informal settlements. These communal ablutions are typically accompanied by a caretaker responsible for the day-to-day maintenance of these facilities.

To date, the Municipality has provided employment opportunities to approximately 520 caretakers taken from communities where these ablutions are located. Caretakers are appointed under the EPWP guidelines and principles, which require these appointments to be maintained for a maximum of two years.

Nevertheless, the success of the programme providing ablution facilities in informal settlements is jeopardised by elevated levels of vandalism, illegal water connections leading to insufficient water supply to the facilities, and related issues such as blockages and dysfunctionality. Similarly, certain communities engage in illegal sewer connections, contributing to avoidable blockages and sewage overflows within these communities.

The municipal minimum standard for sanitation services in rural areas is the provision of VIPs. Since 2005, the Municipality has supplied approximately 60 655 VIPs. However, there remains a significant number of households in rural areas without adequate sanitation services. Currently, the Municipality installs approximately 1 500 to 3 000 VIPs annually, contingent on budget allocation. It is estimated that this backlog will be eliminated in the next three to five 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 the budget in the short- to mid-term period to effectively address this challenge.

Currently, approximately 97% of households have access to basic levels of sanitation services, with the 3% backlog faced mainly in rural areas and informal settlements in urban areas. The following are some of the main sanitation infrastructure provisions currently underway:

**Table 32: Main sanitation infrastructure provisions**

<b>Description</b>	<b>Details</b>
Upgrading of Zwelitsha WWTW	Upgrading of Zwelitsha WWTW to allow for the decommission of the Schornville, Bhisho, and Breidbach WWTW 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 3 m diameter sewer tunnel. The works include the construction of a 400 m tunnel approach section, 4,5 km sewer tunnel, central tunnel shaft, and tunnel exit.
Sanitation Backlog Eradication	Provision of VIPs to eliminate rural sanitation backlogs and provision of ablution facilities in informal settlements.
Mdantsane Wastewater Treatment Plant	Refurbishment and upgrading of Mdantsane Wastewater Treatment Plant.

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

**Table 33: Mid-term budget allocation**

<b>Financial Year</b>	<b>Budget</b>
2023–2024	R98 598 320
2024–2025	R119 278 348
2025–2026	R134 188 299
<b>Total</b>	<b>R352 064 967</b>

In its SDBIP, the Municipality established the following as its performance target in sanitation services for the year under review:



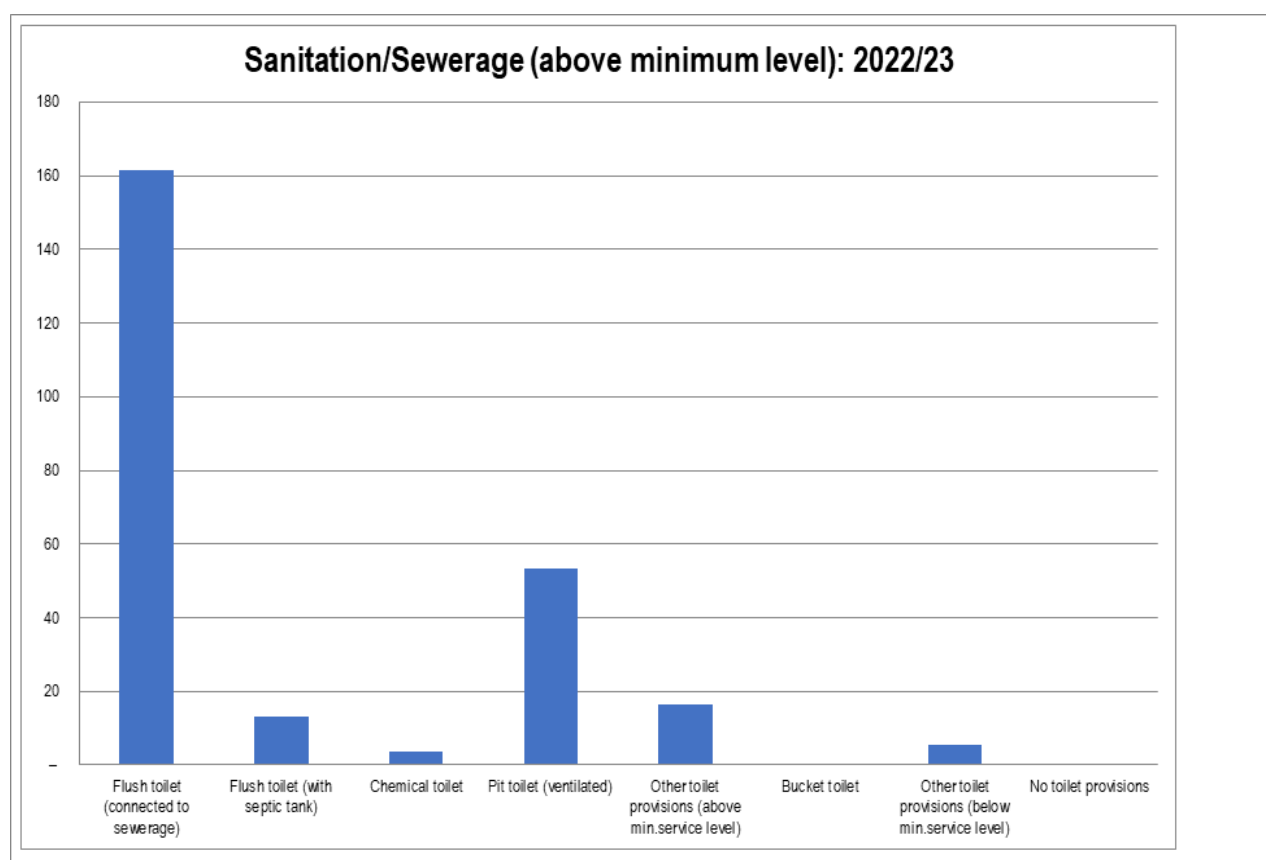
**Table 34: BCMM performance target in sanitation services for year under review**

Description	Target	Actual
% Compliance with WWTW effluent quality standards	>75%	76%
No households provided with access to basic level of sanitation service	2 510	3 034
Additional service points (toilets) installed in informal settlements	119	127

The Municipality achieved two Green Drop Certifications for two of its WWTW during the assessments conducted in 2013 by the national DWS. At that time, the Municipality was rated as the best-performing municipality in the Eastern Cape. The DWS has reinstated the Green Drop Certification system, and BCMM underwent assessments in September 2021.

Although the Municipality experienced regression in the recent Green Drop assessments, with no Green Drop Certification awarded to any of the 15 WWTW and an average Green Drop Score of 61% for all wastewater treatment systems, BCMM maintained its first position rating in the Eastern Cape. As a result, BCMM was not included in the critical or high-risk category, scoring an overall cumulative risk rating (CRR) of 53%.

**T 3.2.1**



**Figure 8: Sanitation/sewerage (above minimum level) 2022/23**

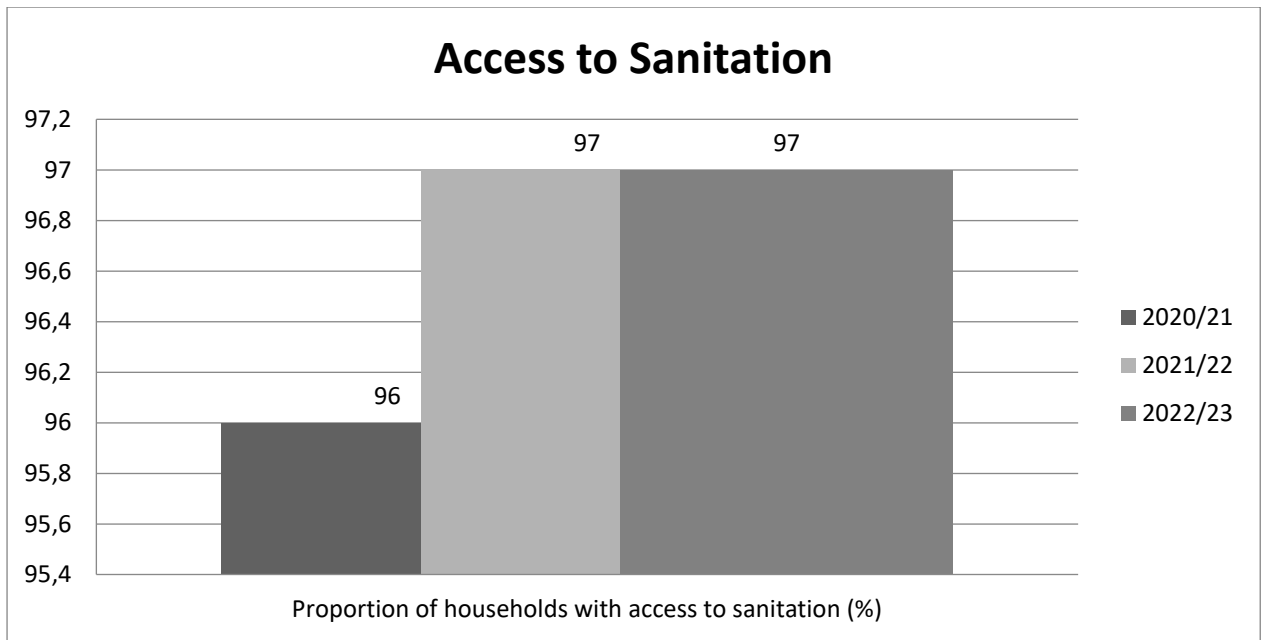
**T3.2.2**

**Table 35: Sanitation/sewerage (above minimum level)**

Description	2019/20	2020/21	2021/22	2022/23
	Outcome	Outcome	Outcome	Actual
	No. (000)	No. (000)	No. (000)	No. (000)
<b>Sanitation/sewerage: (above minimum level)</b>				
Flush toilet (connected to sewerage)	166	166	166	167
Flush toilet (with septic tank)	5	5	5	5
Chemical toilet	4	4	4	4
Pit toilet (ventilated)	47	50	53	54
Other toilet provisions (unventilated pit toilets)	16	16	16	16
<i>Minimum Service Level and Above sub-total</i>	238	243	245	247
<i>Minimum Service Level and Above Percentage</i>	94,0%	95,8%	96,6%	97,3%
<b>Sanitation/sewerage: (below minimum level)</b>				
Bucket toilet	–	–	–	–
Other toilet provisions (below min. service level)	15	15	9	7
No toilet provisions	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	15	11	9	7
<i>Below Minimum Service Level Percentage</i>	6,0%	4,2%	3,4%	2,7%
<b>Total households</b>	<b>253</b>	<b>253</b>	<b>253</b>	<b>253</b>
<b>*Total number of households including informal settlements</b>				<b>T 3.2.3</b>

**Table 36: Households – Sanitation service delivery levels below the minimum**

Households – Sanitation Service Delivery Levels below the minimum						
Description	2019/20	2020/21	2021/22	2022/23		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	232	235	235	243	243	247
Households below minimum service level	21	18	18	11	11	9
Proportion of households below minimum service level	0%	0%	0%	96%	96%	97%
<b>Informal Settlements</b>						
Total households	253	253	253	253	253	253
Households below minimum service level	35	30	30	11	11	7
Proportion of households below minimum service level	14%	12%	12%	4%	4%	3%
						<b>T 3.2.4</b>



**Figure 9: Access to sanitation**

*T 3.2.5*

**Table 37: Wastewater (sanitation) service policy objectives taken from IDP**

Wastewater (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/22		2022/23		2023/24	2024/25		
		Target	Actual	Target		Actual	Target		
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
<b>Provision of toilets within standard</b>	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	2 998 additional HHs (11 132 HHs remaining)	2 998 additional HHs (11 132 HHs remaining)	2 787 additional HHs (11 343 HHs remaining)	2 998 additional HHs (11 132 HHs remaining)	1 387 additional HHs (9 943 HHs remaining)	2 908 additional HHs (8 435 HHs remaining)	2 908 additional HHs (8 435 HHs remaining)	2 968 additional HHs (5 467 HHs remaining)

Flush Toilets		166 576	166 576	166 585	166 576	166 945	166 945	166 945	166 945
Rural VIP Latrines		68 539	68 539	68 339	68 539	60 655	62 155	62 155	63 655
Informal Settlement HHs serviced		7 230	7 230	7 210	7 230	7 210	8 400	8 400	9 600
									<i>T 3.2.6</i>

#### 45: Employees: Sanitation services

Employees: Sanitation Services					
Job Level	Year 2022/2023	Year 2022/2023			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	17	17	12	5	29,4%
4 - 6	134	256	224	32	12,5%
7 - 9	49	60	52	8	13,3%
10 - 12	25	31	26	5	16,1%
13 - 15	9	9	9	0	0%
16 - 18	3	3	2	1	33,3%
19 - 20	0	0	0	0	0%
<b>Total</b>	<b>237</b>	<b>376</b>	<b>325</b>	<b>51</b>	<b>13,5%</b>

Totals should equate to those included in the total employee schedule in Chapter 4. Employee and Post numbers are as of 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, divide that total by 250 to determine the number of posts equivalent to the accumulated days.

T 3.2.7

**Table 38: Financial performance 2022/2023: Sanitation services**

Financial Performance 2022/2023: Sanitation Services					
					R'000
Details	2021/2022	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>601 148</b>	<b>598 008</b>	<b>598 812</b>	<b>611 332</b>	<b>2%</b>
Expenditure:					
Employees	139 105	141 637	142 410	142 410	1%
Repairs and Maintenance	37 397	156 823	46 131	42 483	-269%
Other	319 962	85 836	530 529	271 408	68%
<b>Total Operational Expenditure</b>	<b>496 463</b>	<b>384 296</b>	<b>719 071</b>	<b>456 301</b>	<b>16%</b>
<b>Net Operational Expenditure</b>	<b>(104 685)</b>	<b>(213 712)</b>	<b>120 259</b>	<b>(155 031)</b>	<b>-38%</b>

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 3.2.8

**Table 39: Capital expenditure 2022/2023: Sanitation services**

<b>Capital Expenditure 2022/2023: Sanitation Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>567 524</b>	<b>46 300</b>	<b>45 779</b>	<b>-1140%</b>	
SANITATION FACILITIES IN INFORMAL SETTLEMENTS	10 000	11 225	11 217	11%	11 648
BHISHO QONCE & ZWELITSHA BULK REG SEWER SCHEME	4 000	1 880	1 880	0%	133 897
UPGRADING OF ZWELITSHA WWTW	120 000	–	–	0%	304
E/L SEWER DIVERSION: CENTRAL TO REESTON	399 524	–	–	0%	16 910
E/L SEWER DIVERSION: CENTRAL-REESTON		1 556	1 556	100%	1 556
EAST BEACH GRAVITY SEWER UPGRADE	4 000	1 303	1 303	-207%	2 602
NAHOON RIVER OUTFALL SEWER	1 500	1 402	1 402	-7%	2 394
UPGRADING OF SECURITY FOR SANITATION INFRASTRUCTURE	1 000	996	996	0%	3 931
INSTALLATION OF GROUNDWATER MONITORING BOREHOLES FOR WWTW	1 000	866	866	-16%	866
CONSTRUCTION OF NETWORK FLOW MONITORING INFRASTRUCTURE	1 500	1 224	1 224	-23%	1 224
UPGRADING OF KIDD'S BEACH WWTW	1 500	409	409	-267%	409
RENEWAL OF INFRASTRUCTURE – RETICULATION	1 500	1 500	1 500	0%	1 500
RENEWAL OF INFRASTRUCTURE – PUMP STATIONS	1 000	915	915	-9%	915
RENEWAL OF INFRASTRUCTURE – TREATMENT WORKS	1 000	994	994	-1%	994
MDANTSANE WWTW	15 000	16 705	16 192	7%	38 909
UPGRADING OF POTSDAM WWTW	2 000	1 934	1 934	-3%	1 934
UPGRADING OF DIMBAZA WWTW	3 000	3 390	3 390	12%	3 390
<i>Total project value represents the estimated cost of the project on approval by council T 3.2.9 (including past and future expenditure as appropriate).</i>					

## COMMENT ON SANITATION SERVICE PERFORMANCE OVERALL

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

**Table 40: Mid-term budget allocation**

Financial Year	Budget
2023–2024	R98 598 320
2024–2025	R119 278 348
2025–2026	R134 188 299
Total	R352 064 967

In its SDBIP, the Municipality set the following as its performance target in sanitation services for the year under review:

**Table 41: Performance target in sanitation services for year under review**

Description	Target	Actual
% Compliance with WWTW effluent quality standards	>75%	76%
No households provided with access to basic level of sanitation service	2 510	3 034
Additional service points (toilets) installed in informal settlements	119	127

The Municipality achieved two Green Drop Certifications for two of its WWTW during the assessments conducted in 2013 by the national DWS. At that time, the Municipality was rated as the best-performing municipality in the Eastern Cape. The DWS has reinstated the Green Drop Certification system, and BCMM underwent assessments in September 2021.

Although the Municipality experienced regression in the recent Green Drop assessments, with no Green Drop Certification awarded to any of the 15 WWTW and an average Green



Drop Score of 61% for all wastewater treatment systems, BCMM maintained its first position rating in the Eastern Cape. As a result, BCMM was not included in the critical or high-risk category, scoring an overall CRR of 53%.

T 3.2.10

### **3.3. ELECTRICITY**

#### **INTRODUCTION TO ELECTRICITY**

The mandate of the Electricity and Energy Department is to provide an effective, safe and efficient electrical service to all legal consumers in accordance with legal and statutory requirements within the BCMM licensed area of supply. The BCMM area of supply is mainly within the urban edge.

Eskom is licensed to provide electrical services to areas within BCMM jurisdictions, primarily in rural areas. As mentioned earlier, BCMM lacks a service level agreement with Eskom, resulting in limited influence over the level of service provided in Eskom-licensed areas. Given that this challenge is widespread among municipalities, the matter of a service level agreement is under consideration by the National Department of CoGTA and Department of Trade Industry and Competition (DTIC). Until this matter is resolved, the current status quo regarding the level of service, including street lighting, will persist.

The electricity network in Buffalo City is presently in a moderate condition. Without an ongoing capital investment plan and the necessary funding for its implementation, there is a risk of deterioration to the network. Several areas within the network have reached the end of their lifespan. Without the required capital injection, failures are likely to increase, impacting city growth and income. Electricity sales account for the largest portion of Buffalo City's annual income.

Maintenance of the electrical network is a concern due to inadequate funding, leading to the deferral of essential maintenance tasks. The budget constraints are further exacerbated by the rise in vandalism, theft, and increased illegal connections. These challenges force the Electricity Department to make additional cuts to the maintenance of the electrical network, as equipment in good condition needs replacement due to these illegal activities.

The repercussions of these illegal activities have resulted in frequent power outages and a diminished quality of supply to electricity consumers. Furthermore, the Electricity Department

is at a heightened risk of non-compliance with the license issued by NERSA as well as with occupational health and safety (OHS) regulations.

The BCMM Electricity Department procures bulk electricity from Eskom through 13 intake points of distribution in the BCMM supply area. The Electricity and Energy Department has decreased these points from 15, and there are plans to further reduce the number of intake points to optimise the electrical network. This optimisation aims to reduce payments made to Eskom as well as provide a more stable and controllable grid.

The electrical and Energy Services Department provides services to 144 416 legal consumers.

**Table 42: Electricity distribution to consumers**

<b>Prepaid</b>						
Count of Meter No	Tariff					
Type	Business	Domestic	Indigent	Large	Temp	Grand Total
Non-Smart	2 158	<b>60 635</b>	<b>34 850</b>	29	13	97 685
Smart	1 134	21 113	15 660		1	37 908
<b>Grand Total</b>	<b>2 909</b>	<b>75 184</b>	<b>56 667</b>	<b>29</b>	<b>14</b>	<b>135 593</b>

### **Formal Electrification**

The national minimum standard required by the Department of Energy is set at a minimum of 20 amps per service connections. BCMM provides 40-amps service connections to all RDP dwellings.

Once a year, the Electricity and Energy Department requests a list of completed dwellings from Human Settlements that are ready for electrification. The provided areas are then scheduled for implementation.

### **Informal Electrification**

BCMM provides 40-amp service connections to all informal dwellings. Annually, the Electricity and Energy Department requests a list of informal areas from Spatial Planning that meet the electrification criteria outlined in the SOP and are prepared for electrification.

The migration of people from rural areas into the city in search of employment opportunities has resulted in the invasion of open land within the City, leading to a proliferation of informal settlements within BCMM. Even though these informal areas do not meet town planning requirements, these areas still demand services, including electricity.

The request for the provision of electricity cannot be fulfilled, as these areas are typically settled in a haphazard manner and are very dense, leaving no clear space to safely install an electrical network. BCMM has over 154 informal settlements, and, at least in the medium term, this will be the only form of housing available to many residents. To enhance the quality of life for residents in these settlements, BCMM has initiated electrification projects within areas that meet basic criteria. The programme has experienced some success, but its pace has slowed down due to challenges such as high-density settlements, land constraints, and other issues.

To address and streamline this issue, a standard procedure for re-blocking and relocation has been established, and several areas within BCMM will undergo this process. One crucial criterion for the success of electrification is the stability of the area with no further growth. Any increase in the number of dwellings impacts the planning, design, and re-blocking process. Such changes could potentially delay the project, as the growing demand may surpass the available developable plots, necessitating a new process to identify land for the overflow of dwellings.

### **ESKOM Electrification**

Similar to BCMM, Eskom is responsible for universal access to electricity under the NERSA license issued to supply rural areas. Eskom has an electrification programme funded by the Department of Minerals and Energy.

### **FREE BASIC ELECTRICITY:**

To ensure that all households connected to the BCMM electrical network have access to electricity and can benefit from the service, indigent consumers receive a monthly allocation of 50 free units. Another benefit provided to indigent consumers connected to the electricity grid is the waiver of the subsidised service connection fee, and the connection is provided at no cost to the indigent consumer.

### REVENUE PROTECTION:

Since the initiation of the smart metering project in 2017, the Electricity Revenue Protection Section has project-managed the installation of approximately 8 043 smart post-paid meters. The smart meter commissioning process has been highly successful in resolving monthly billing issues previously experienced by large power users. Two dedicated specialised electricians have identified billing irregularities totalling R26 117 632,72, which have been successfully resolved, and the under-billing rectified on the financial back-end billing system. Tables 50 and 51 below illustrate the identified non-billed revenue for some 34 large power users, with a recovery of approximately R12 872 023,00 achieved through the billing system.

NB: Not all identified potential financial recoveries could be made due to the Electricity By-law restrictive period of six months.

**Table 43: Identified non-billed revenue**

Year	Identified	Billed	Qtr1	R961 751,00	R546 805,00
2022	R25 129 002,72	R12 306 720,00			
2023	R988 630,00	R565 303,00			
<b>Grand Total</b>	R26 117 632,72	R12 872 023,00			

**Table 44: 34 large power users**

Year	Accounts
2022	27
2023	7
<b>Grand Total</b>	<b>34</b>

The conversion of prepayment meters to smart meters has led to the identification of 1 098 tampers/faulty meters by the smart metering installation team. The potential recoveries from these identified issues are calculated at R12 364 294.

The table below represents the split between smart and non-smart prepayment meters:

## Prepaid Meters

**Table 45: Split between smart and non-smart prepayment meters**

Summary	Non-Smart	Smart	Grand Total
<b>Prepaid Meters</b>	<b>97 685</b>	<b>37 908</b>	<b>135 593</b>

**Table 46: Prepaid meters per region**

Prepaid	Coastal Region	Inland Region	Midland Region	Unknown	Grand Total
Non-Smart	49 042	22 083	26 351	209	97 685
Smart	15 972	7 835	14 049	52	37 908
<b>Grand Total</b>	<b>65 014</b>	<b>29 918</b>	<b>40 400</b>	<b>261</b>	<b>135 593</b>

**Table 47: Distribution of prepaid meters by type and category**

Prepaid	BUSINESS	DOMESTIC	INDIGENT	SCALE 3 LARGE KVA	Scale 6 – Temporary	Grand Total
Non-Smart	2 158	60 635	34 850	29	13	97 685
Smart	1 134	21 113	15 660		1	37 908
<b>Grand Total</b>	<b>3 292</b>	<b>81 748</b>	<b>50 510</b>	<b>29</b>	<b>14</b>	<b>13 5593</b>

**Table 48: Postpaid**

Postpaid				
Count of METER NO	Type			
Tariff	AMR (Automatic Meter Reading)	Non- Smart Meter	Smart Meter	Grand Total
BC0100 Domestic 0-50 kwh Indigent		35	187	223
EL0100 Domestic 0-50 kwh		237	4 503	4 740

EL0200 Scale 2 Small Power User	5	282	1 977	2 264
EL0201 Small Power User Non-Profit Organisations (NPOs)		13	128	141
ELD300 Scale 3A Departmental	11	63	742	816
EL0301 Scale 3B	1	11	106	118
EL0302 Scale 3A NPO		1	44	445
EL0303 Scale 3B			2	2
EL0401 Street lighting		9	2	11
EL0403 Temporary and itinerant		3	8	11
EL0406 Above 10 000 kwh			1	1
EL0501 Scale 3B Municipal			1	1
ELD503 Scale2 Departmental		58	135	193
EL0701 Scale 4A			29	29
EL0801 Scale 4B			14	14
EL0900 Small scale embedded generation (SSEG)			20	20
EL0902 SSEG import			9	9
EL0905 Business SSEG			9	9
ELD100 Domestic Departmental		3	11	14
ELD200 Departmental Small Power User		26	46	72
ELD300 Scale 3A Departmental		3	14	17
ELD301 Scale 3B			4	4
ELD401 Street lighting		3		3
ELD402 Traffic signals		1		1
EL0403 Temporary and itinerant		1		1
ELD406 Sport fields Departmental			12	12
ELD501 Scale 3B Departmental		1	7	8
ELD502 Scale1 Departmental			1	1
ELO503 Scale 2		6	6	12
EL0505 Scale 3A Municipal		5	25	30
Grand Total	17	763	8 043	8 823

An analysis of electricity “rand” yearly sales shows that 73,86% 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).

**Table 49: Percent of Total rand sales per customer group for 2022/2023**

TARIFF	Total Revenue Generated	% of Income
Conv Industrial 11kV	R618 518 722	28,09%
Conv Industrial 400V	R538 124 673	24,44%
Prepaid Domestic	R469 412 618	21,32%
Conv Commercial SPU	R153 435 503	6,97%
Prepaid Indigent	R108 316 163	4,92%
Conv Industrial Development Zone (IDZ) TOU	R86 856 070	3,95%
Conv Industrial TOU 400V	R77 272 528	3,51%
Prepaid Business	R59 067 366	2,68%
Conv Street and Traffic Lights	R39 237 755	1,78%
Conv Domestic	R39 075 427	1,77%
Conv Other	R12 283 775	0,56%
<b>Grand Total</b>	<b>R2 201 600 601</b>	<b>100,00%</b>

Given the prioritisation of revenue protection activities in these customer categories, approximately 569 meter inspections were conducted, resulting in the recovery of R1,36 million from domestic customers. Consequently, total electricity losses have decreased from 22,76% in 2020/21 to 19,21% for the 2022/23 financial period.

The Revenue Protection team also conducted the following illegal services disruptive “raid” exercises for the 2022/23 financial period:

**Table 50: Raids (2022/23)**

<u>SUBURB/AREA</u>	<u>NUMBER OF VISITS</u>	<u>HOURS VISITED</u>
AIRPORT PHASE	47	189
COVE ROCK	1	4
AMALINDA FOREST	29	110

BUFFALO FLATS	9	36
CAMBRIDGE LOCATION	4	13
CHISELHURST	1	5
DUNCAN VILLAGE	13	46
EAST LONDON	2	7
MDANSANE	1	5
MDANTSANE	42	232
MDATNSANE	1	7
MMDANTSANE	1	6
MZAMOMHLE	7	31
NOMPUMELELO	5	20
HAVEN HILLS	3	11
SCENERY PARK	6	24
STONEY DRIFT	6	18
	<b><u>178</u></b>	<b><u>764</u></b>

### **ELECTRICITY TARIFFS**

BCMM, in collaboration with a consultant appointed by National Treasury (namely Ricardo Consulting), has successfully concluded the BCMM Electricity Service Cost of Supply (COS) study. The findings of this study have undergone analysis by NERSA and are currently awaiting approval from their Board. The recommended COS analysis outcomes and tariff recommendations will subsequently undergo the standard internal Council approval process, with anticipation for implementation in the 2024/25 tariff period

The new amended Electricity By-laws were also workshopped with the General Public, Ward Committees, and BCMM Council, and are in the process of being promulgated. The changes include new Electricity Wheeling and SSEG by-laws and these will be promulgated and implemented in the 2024/25 financial period.

**T3.3.1**



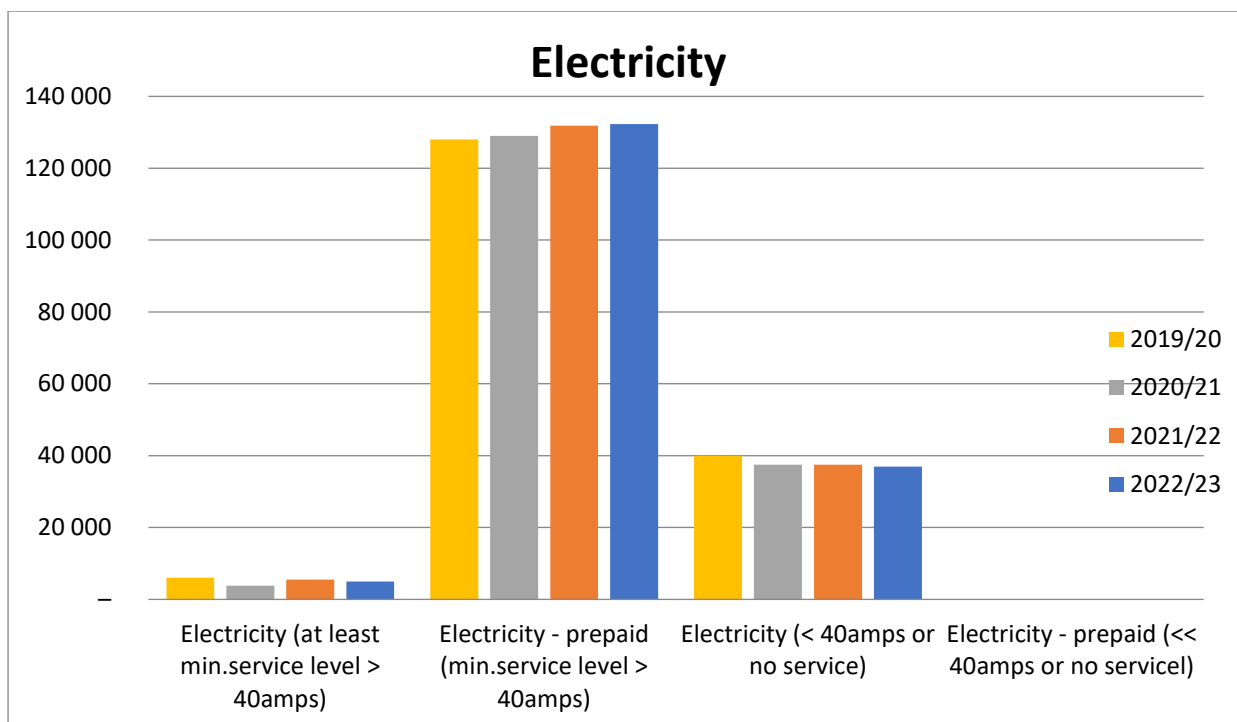


Figure 10: Electricity service delivery levels

T3.3.2

Table 51: Electricity service delivery levels

Electricity Service Delivery Levels				
Description	Households(000)			
	2019/20	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Energy: (above minimum level)</b>				
Electricity (at least min. service level > 40 amps)	6	4	6	5
Electricity – prepaid (min. service level > 40 amps)	128	129	132	
<i>Minimum Service Level and Above sub-total</i>	134	133	137	137
<i>Minimum Service Level and Above Percentage</i>	77,0%	78,0%	78,6%	78,8%
<b>Energy: (below minimum level)</b>				
Electricity (< 40 amps or no service)	40	37	37	37
Electricity – prepaid (<< 40 amps or no service)	–	–	–	–
Other energy sources	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	40	37	37	37

<i>Below Minimum Service Level Percentage</i>	23,0%	22,0%	21,4%	21,2%
<b>Total number of households</b>	174	170	175	174
				<i>T 3.3.3</i>

**Table 52: Households – Electricity service delivery levels below the minimum**

<b>Households – Electricity Service Delivery Levels below the minimum</b>						
<b>Description</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>		
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Actual</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b>Formal Settlements</b>						
Total households	137	136	140	140	140	140
Households below minimum service level	3	3	1	1	1	1
Proportion of households below minimum service level	2%	2%	0%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	45	45	45	45	45	45
Households below minimum service level	40	37	37	37	37	37
Proportion of households below minimum service level	89%	83%	83%	82%	82%	82%
						<i>T 3.3.4</i>

**Table 53: Electricity service policy objectives taken from IDP**

Electricity Service Policy Objectives Taken From IDP										
Service Objectives		Outline Service	2021/22		2022/23			2023/24	2024/25/26	
		Targets	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)	
<b>Service Objectives</b>										
Provision of minimum supply electricity	of RDP households supplied with electricity	Number of new	780	643	780	400	343	1 000 new electrical service connections	500 new electrical service connections	500 new electrical service connections
Implement lighting programme to ensure adequate lighting coverage	Number of new lights installed	12	9	9	6	6	6	6	6	5
									T 3.3.5	

**Table 54: Employees: Electricity services**

Employees: Electricity Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	29	34	26	8	21,6%
4 – 6	78	87	76	12	10,3%
7 – 9	41	46	30	6	10,8%
10 – 12	48	64	59	5	7,7%
13 – 15	12	14	11	3	14,3%
16 – 18	1	3	2	1	66,7%
19 – 20	1	1	1	0	0%
<b>Total</b>	<b>210</b>	<b>249</b>	<b>205</b>	<b>35</b>	<b>12,5%</b>

*Totals should equate to those included in the total employee schedule in Chapter 4. Employee and Post numbers are as of 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 3.3.6

**Table 55: Financial performance 2022/2023: Electricity services**

Financial Performance 2022/2023: Electricity Services					
					R'000
Details	2021/2022	2022/2023			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>2 218 915</b>	<b>2 604 234</b>	<b>2 525 761</b>	<b>2 232 883</b>	<b>-17%</b>
Expenditure:					
Employees	144 905	159 478	151 340	151 340	-5%
Repairs and Maintenance	131 125	137 520	139 518	134 564	-2%
Other	2 502 169	2 796 839	2 454 111	2 414 702	-16%
<b>Total Operational Expenditure</b>	<b>2 778 199</b>	<b>3 093 837</b>	<b>2 744 968</b>	<b>2 700 606</b>	<b>-15%</b>
<b>Net Operational Expenditure</b>	<b>559 284</b>	<b>489 603</b>	<b>219 207</b>	<b>467 722</b>	<b>-5%</b>

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 3.3.7

**Table 56: Capital expenditure 2022/2023: Electricity services**

Capital Expenditure 2022/2023: Electricity Services						R' 000
Capital Projects	2022/2023					Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
<b>Total All</b>	<b>145 013</b>	<b>100 965</b>	<b>100 966</b>	<b>-44%</b>		
BULK ELEC INFRAS UPGR (RING-FENCED 4%)	102 113	66 789	66 789	-53%		87 481
ELECTRIFICATION PROGRAMME	10 000	8 985	8 985	-11%		16 983
ELECTRIFICATION – INFORMAL DWELLING AREAS – BCMM	25 000	19 531	19 531	-28%		19 531
STREETLIGHTS & HIGH MASTS – BCMM AREAS OF SUPPLY	5 000	5 660	5 660	12%		5 660
TOOLS AND EQUIPMENT (SPECIALISED VEHICLES)	1 500			0%		–
BUILDING ALTERATIONS –BEACON BAY CIVIC CENTRE & OPERATIONS DEPOT	1 400		–	0%		–
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.3.8

**COMMENT ON ELECTRICITY AND ENERGY SERVICES PERFORMANCE OVERALL:**

**STREET LIGHTING**



**Figure 11: Street lighting in BCMM**

**HIGH MAST INSTALLATIONS**

**Table 57: High mast installation – Wards 34, 1 and 25**

<b>Installation of 6 x 40-meter High Mast Lights (Including Electrical Supplies)</b>		
<b>Dimbaza – Phola Park</b>	<b>Pefferville – Greenwich</b>	<b>Zwelitsha</b>
<b>Ward 34</b>	<b>Ward 1</b>	<b>Ward 25</b>
<b><u>GPS CO-ORDINATES</u></b>	<b><u>GPS CO-ORDINATES</u></b>	<b><u>GPS CO-ORDINATES</u></b>
<b>X: - 32.851842</b>	<b>X: - 33.011955</b>	<b>X: - 32.924331</b>
<b>Y: 27.211795</b>	<b>Y: 27.881554</b>	<b>Y: 27.432757</b>

**Table 58: High mast installation – Wards 15, 8 and 16**

<b>Nompumelelo</b>	<b>Duncan Village – Nomvete</b>	<b>Amalinda Forest</b>
<b>Ward 15</b>	<b>Ward 8</b>	<b>Ward 16</b>
<b><u>GPS CO-ORDINATES</u></b>	<b><u>GPS CO-ORDINATES</u></b>	<b><u>GPS CO-ORDINATES</u></b>
<b>X: - 32.953744</b>	<b>X: - 33.015012</b>	<b>X: - 32.979277</b>
<b>Y: 27.925629</b>	<b>Y: 27.865321</b>	<b>Y: 27.853789</b>



Backfilling & compacting



Backfilling & compacting almost done



Backfilling & compacting done



Mast completely assembled



Mast spitter box & lights installed

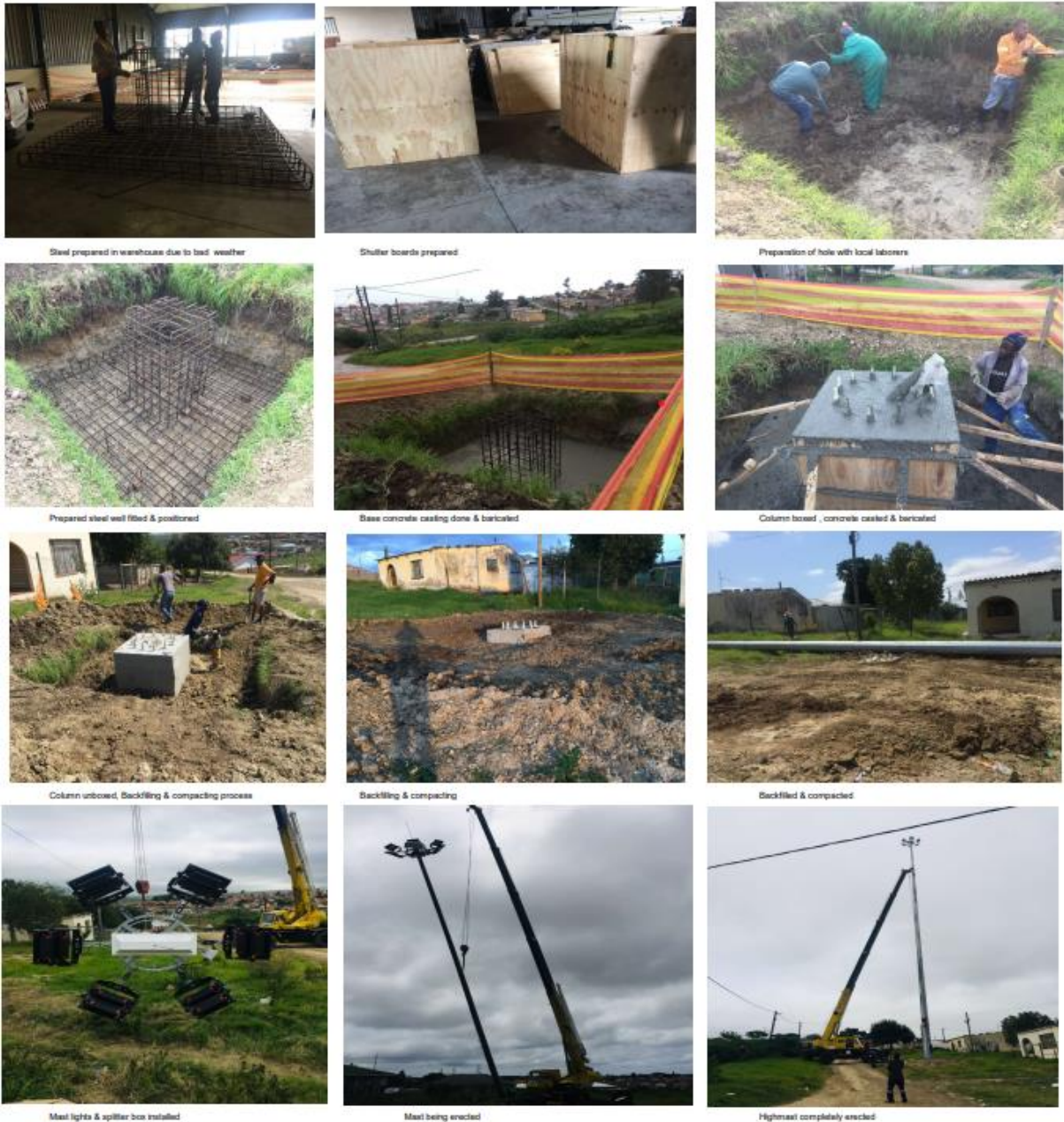


Mast being erected



Highmast completely erected

Figure 12: High mast installations



**Figure 13: High mast installations cont'**

**NETWORK STABILITY/ENHANCEMENT:**

The Electricity & Energy Services Department is an essential service provider. Without a reliable network and increased capacity, the Electricity Department cannot deliver services or install additional connections onto the network.

While BCMM has infused a sustainable amount of capital, the electricity network is presently in poor condition due to vandalism, theft, and illegal connections. These issues have resulted in deferred maintenance, necessitating capital investment in replacing equipment



that would have had an extended life if maintained timely. Budget constraints have compelled the Electricity Department to prioritise capital upgrading and replacement of the electrical network

The current status of the network has resulted in several power outages and a subpar quality of supply to electricity consumers. To address these challenges, the Electrical Master Plan is undergoing an update that will incorporate a strategic capital reinvestment plan with achievable goals. This investment plan will outline the necessary capital budget to ensure network stability. The aim of the investment plan is to normalise the network, preventing further electrical failures that could adversely affect the City's economic growth and the Municipality's income. Given that electricity sales constitute the largest portion of Buffalo City's yearly income, ensuring a stable and reliable electrical network is crucial to safeguarding its financial sustainability.

In the 2022/2023 financial year, the Electricity and Energy Services Department received R102 149 000 for capital projects and successfully allocated 96% of the budget toward implementing numerous projects. These initiatives aim to ensure the development of a safe, reliable, and efficient electrical network.

**ACHIEVEMENTS 2022 – 2023**

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

**Table 59: Bulk electricity infrastructure upgrade**

Greenfields OH Mains
Cambridge West OH Mains (Journal submitted 27/6/23)
Arcadia Phase 2 ABC Upgrade
Amalinda OH Mains
Nahoon ABC Upgrade
Gonubie OH Mains Upgrade
Sweetwaters Industrial Line Refurbish
Riverwood Alternative OH Line
Sherwood House Forrest Rd LV Cable
Woodbrook Control Room and Protection Upgrade
132kV Woodbrook Infrastructure Upgrade (WIP)
Load Control Ripple Relays

SCADA Coastal 2022/23
SCADA Midland (Mdantsane) 2022/23
SCADA Inland 2022/23
Access Control 2022/23
66kV Circuit Breaker: Fort Jackson, Mbekweni, Mount Ruth
Mdantsane Zone 10 (Engen) 200kVA Upgrade
St Dominics Switchgear Replacement
Parkside Community Hall Installation M/Sub
Eskom Income & Busbars Stafford
Chiselhurst Control Room and Protection Upgrade
Windyridge Mini Substation No 2 Replace 500kVA (A21/004)
Scenery Park Mini Substation No 25 Replace 500kVA
Power Quality and Metering Upgrade in QONCE & EL Area – Replacing Equipment
St James Rd M/Substation Supply & Installation
Nompumelelo 4 X 100kVA Pole Mounted Transformers (HOD)
Amalinda Forest Replace 100kVA Pole Mounted Transformer
Riverwood Transformer Structure



**Figure 14: Caltex Garage Bonza Bay Road**



**Figure 15: Upgrade and renewal of Cambridge West overhead lines**

## **ELECTRIFICATION**

In addressing electricity service connections for RDP housing, BCMM's Electricity and Energy Services Department has undertaken electrification projects to extend electricity access to formal houses. Each year, the Department requests a list of dwellings ready for electrification in adherence to the Government's Universal Access Policy.

The number of houses that can be connected is dependent on the number of completed dwellings and the funding provided through the USDG funds.

Recognising the urban reality of informal settlements, which, at least in the medium term, will be the only form of housing available to many residents, BCMM has implemented electrification projects within areas that meet basic criteria. This initiative aims to enhance the quality of life for residents in these settlements.

**Table 60: Areas electrified in 2021/2022**

Reeston	66
POTSDAM Village Ph ½	94
Infills	183
<b>Total</b>	<b>343</b>

## REESTON ELECTRIFICATION



**Figure 16: Ready board installation on rails**



**Figure 17: Overhead network**



**Figure 18: Service connection entering dwelling**



**Figure 19: Transformer protection fuses**

### **MAJOR CHALLENGES IN ELECTRICITY**

During the year under review, there are a number of issues that impact on the provision of a safe, effective, and reliable service.

The Electricity and Energy Services Department faces significant challenges, as outlined below:

- Theft and Vandalism of equipment
- Illegal connections leading to damage of electrical equipment due to overload
- Funding constraints

Over the past year, there has been a noteworthy increase in all the aforementioned issues, adversely affecting the level of service delivery to BCMM customers. Notably, some cable theft is driven not only by financial gain but also to facilitate the 'illegal electricity' trade.

This continuing trend has impacted significantly on BCMM's revenue and will affect the continued electrical service to legal consumers, as essentially the service will be running at a loss unless extreme action is taken to reduce the non-technical losses.

## VANDALISM AND THEFT

Vandalism and theft necessitate Electricity and Energy staff to dedicate extensive hours and maintenance funding to replace equipment that was initially in good working order. To maintain service to consumers, this work must take priority to ensure effective service delivery. The tables below provide a breakdown of the funds spent on theft, vandalism, and illegal connections.

**Table 61: Vandalism, theft and illegals from July 2022 – June 2023**

<b>Description</b>	<b>Rand Value</b>
Equipment damage due to illegal connections	R2 736 998
Substation equipment theft/insurance claims	R5 605 369
Overhead lines, service connections, underground cable, poles, kiosks)	R11 120 686
Repair to infrastructure caused by illegal connections	R840 666
Contractor assistance to repair/replace infrastructure due to vandalism and theft	R9 035 929
<b>Total</b>	<b>R29 837 079</b>

**Table 62: Budgets for 2022/2023**

<b>Description</b>	<b>Rand Value</b>
Consumer Services	R2 033 386
Network	R1 017 295
Overhead Mains	R8 282 845
Underground Mains	R5 345 689
Insurance & Capital Replacements	R10 652 912
Contractor Payments	R5 555 626
Disconnect/Reconnect	R1 096 246
<b>Total</b>	<b>R33 983 999</b>

Based on the figures above, the Electricity and Energy Department allocated over 90% of the budget, originally intended for essential maintenance. This deferred maintenance is anticipated to result in an increased occurrence of faults on the electrical network.

## **TAMPERING AND ILLEGAL CONNECTIONS**

The BCMM Electricity Department is tasked with ensuring a stable electricity supply to all consumers. However, the persistent occupation of open spaces and the growing prevalence of illegal connections in the city are rendering reliable service delivery unattainable in certain areas. The Department faces a lack of control over this illicit activity, perpetrated by some community members within the serviced area. Despite efforts by the Electricity Department's Revenue Protection Unit to continuously remove illegal connections, it proves to be a challenging endeavour. The ongoing battle is compounded by the fact that the illegal community promptly reinstates these connections as soon as the Unit leaves the area, largely due to a lack of further action taken against those individuals involved in this unlawful activity.

Illegal electricity users are connecting to the BCMM MV lines (11 000 volts) and installing their own network using stolen transformers. This enables them to offer illegal services to a broader base of consumers engaging in unlawful connections. This practice has created a higher risk to both the community and BCMM staff.

The actions of illegal connectors have consequences not only on BCMM's ability to provide electrical service to legal consumers but also result in the loss of revenue and damage to equipment and the electrical network.

If the BCMM Council does not take serious and decisive action to curb the unchecked proliferation of illegal connections and unauthorised electrical networks onto the BCMM electrical network, the number of legal claims faced by BCMM is likely to increase.

## **ELECTRICITY BUDGETS:**

The Operations and Maintenance budget allocated to the Electricity and Energy Service Department would be deemed inadequate under normal network conditions, as illustrated above. However, due to illegal connections, vandalism, and theft, at least 90% or more of the budget is directed toward non-essential maintenance

Deferred maintenance implies that equipment is not adequately maintained, increasing the risk of catastrophic failure. During load shedding, the equipment is pushed to critical limits, posing a significant threat to the network. When equipment fails, extensive refurbishment or capital replacement becomes necessary. The stress placed on capital funding due to



deferred maintenance is considerable. Catastrophic failures demand immediate replacement, often leading to deferred capital projects unless additional funding is made available.

Capital funding should ideally be used to replace existing equipment that has surpassed its normal working lifespan or to upgrade the electrical network to accommodate additional load for new consumers. As demonstrated above, funding is currently directed towards replacing equipment that, if properly maintained, would not require premature replacement. Securing additional funding is crucial to maintaining the quality of supply and service of the electricity network 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**

The Solid Waste Management Services Department extends waste management services to 223 568 households across the three regions – Coastal, Midland, and Inland – comprising both formal and informal areas in BCMM. Currently, refuse removal services are rendered in 15 areas in the Coastal region, 7 in the Midland region, and 12 in the Inland region, respectively. This operation adheres to the established refuse collection schedule, communicated annually to BCMM residents. The aim is to ensure that the citizens of the City inhabit an environment that is conducive to their health and enhances the overall aesthetics of the City.

Furthermore, the Solid Waste Management Services Department is also responsible for operations and management of the landfill sites and transfer stations. This involves ensuring that the daily operations and management of these waste management facilities are compliant with the legal requirements of the legislation governing waste management. BCMM manages two permitted landfill sites, namely Roundhill and Qonce landfill sites. Additionally, there are four privately owned transfer stations, namely Kayser's Beach, Kidd's Beach, Beacon Bay, and Gonubie Garden Transfer Stations. The City continued to upgrade the two transfer stations within the Coastal region, i.e., Kayser's Beach and Kidd's Beach in the 2022/2023 financial year through the installation of guard rails.

The long distance from the waste service points to the Roundhill landfill site situated in Berlin, which services mainly the Coastal and Midland regions, has been posing challenges for efficient waste collection and disposal. The Coastal region has the furthest service points of more than 50 kilometres away from the landfill site which impacts negatively on the wear and tear of refuse removal trucks.

BCMM, in partnership with BKCOB, established eight (8) Buy-Back Centres within the three regions of the City. These have improved waste recycling initiatives and improved the livelihoods of communities. Buy-Back Centres are established as multi-recycling centres for buying, sorting, and resale of various plastic materials and other recyclables such as paper, cans, glass, or bottles. Individual community members, waste reclaimers, or waste pickers sell their recyclable waste to the Buy-Back Centres to earn an income. There is a close interaction between the Buy-Back Centres and the collectors, and most community members visit the Buy-Back Centres on a daily basis.

**Waste management activities and interventions undertaken are as follows:**

- Mapping out of illegal dumps hotspots in informal and formal settlements with the aim of converting them to community drop off points or food gardens managed by the communities.
- Establishment of a programme for clearance of illegal dumps informed by supervisor inspections and community complaints in all three regions. Some of these spots are cleaned up and the business community adopts them for purposes of using the spaces for business or beautification programmes.
- Clustering of service areas for refuse removal in the residential areas to ensure optimal use of resources and also to prevent waste collection backlogs.
- Integration of daily operations of Directorate Services such as street cleaning, gutter clearance, clearance of illegal dumps, grass cutting, and bush clearing, which yield visible improvements in the cleanliness of the City.
- The Solid Waste Management Services Department continues to distribute refuse bags regularly to informal and formal households, including implementing a weekly refuse collection service as part of ensuring maximum cleanliness throughout the City.
- The City procured an additional fleet in the 2022/2023 financial year in order to continuously improve on waste management services to the communities.

- BCMM intensified its efforts for street cleaning, litter picking, gutter clearance, bush clearing, etc., through the IRRT and PEP in informal and formal settlements.
- Strengthened waste minimisation programmes, including the Service Delivery on Fridays campaigns, where political leaders, officials, and community members embarked on aggressive clean-up campaigns in informal and formal settlements.
- Establishment of a three-shift system which enhanced the quality of services provided to the communities.

### T3.4.1

**Table 63: Solid waste service delivery levels**

<b>Solid Waste Service Delivery Levels</b>				
<b>Description</b>	<b>Households</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b><u>Solid Waste Removal: (Minimum level)</u></b>				
Removed at least once a week	26 846	157 392	157 392	157 392
<i>Minimum Service Level and Above sub-total</i>	26 846	157 392	157 392	157 392
<i>Minimum Service Level and Above percentage</i>	89,9%	71,1%	70,5%	70,5%
<b><u>Solid Waste Removal: (Below minimum level)</u></b>				
Removed less frequently than once a week	547	2012,11	2 012 6	2012,11
Using communal refuse dump	846	6 707	707 46	6 707 46
Using own refuse dump	952	46 949	949 3	949 3
Other rubbish disposal	123	3 130 7	130 7	130
No rubbish disposal	112	154	154	7 154
<i>Below Minimum Service Level sub-total</i>	3 015	63 942	65 953	65 953
<i>Below Minimum Service Level percentage</i>	10,1%	28,9%	29,5%	29,5%
<b>Total number of households</b>	<b>27 745</b>	<b>221 334</b>	<b>223 344</b>	<b>223 344</b>
				<i>T 3.4.2</i>

**Table 64: Households – Solid waste service delivery levels below the minimum**

<b>Households – Solid Waste Service Delivery Levels below the minimum</b>						
<b>Description</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>		
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Original</b>	<b>Adjusted</b>	<b>Actual</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>Budget</b>	<b>Budget</b>	<b>No.</b>
				<b>No.</b>	<b>No.</b>	<b>No.</b>
<b>Formal Settlements</b>						
Total households	2012,112	2012,112	2012,112	2012,112	2012,112	2012,112
Households below minimum service level	1 416,52	1 416,52	1 416,52	1 416,52	1 416,52	1 416,52
Proportion of households below minimum service level	70,40%	70,40%	70,40%	70,40%	70,40%	70,40%
<b>Informal Settlements</b>						
Total households	100 000	100 000	63 942	63 942	63 942	63 942
Households below minimum service level	25 000	25 000	43 847	43 847	43 847	43 847
Proportion of households below minimum service level	25%	25%	68,57%	68,57%	68,57%	68,57%
						<i>T 3.4.3</i>

**Table 65: Waste management service policy objectives taken from IDP**

<b>Waste Management Service Policy Objectives Taken From IDP</b>										
<b>Service Objectives</b>  <i>Service Indicators</i> (i)	<b>Outline Service Targets</b>  (ii)	<b>2021/2022</b>		<b>2022/2023</b>			<b>2023/2024</b>			
		<b>Target</b>	<b>Actual</b>	<b>Target</b>		<b>Actual</b>	<b>Target</b>		<b>Actual</b>	<b>Target</b>
		<b>*Previous Year</b> (iii)		<b>*Previous Year</b> (v)	<b>*Current Year</b> (vi)		<b>Previous Year</b> (viii)	<b>*Current Year</b>		<b>*Following Year</b> (x)
			(iv)		(vii)				(ix)	
<b>Service Objective</b>										
<b>Provision of weekly collection service per household (HH)</b>	Percentage of known informal settlements receiving integrated waste handling services	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Proportion of waste that is recycled</b>	Number of Tons of recyclables diverted from Landfills to Buy-Back Centres	20 tons	61 171,15 tons	61 171,15 tons	80 tons	466,8 tons	61 171,15 tons	80 Tons	466,8 tons	400 tons
										<i>T 3.4.4</i>

**Table 66: Employees: Solid waste management services**

<b>Employees: Solid Waste Management Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>		<b>Year 2022/2023</b>		
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	556	581	541	40	6,8%
4 – 6	31	42	31	11	26,1%
7 – 9	83	85	77	8	9,4%
10 – 12	12	13	11	1	7,6%
13 – 15	2	2	2	0	0%
16 – 18	3	4	4	0	0%
19 – 20	1	4	4	0	0%
<b>Total</b>	<b>688</b>	<b>731</b>	<b>670</b>	<b>60</b>	<b>8,2%</b>

*Totals should equate to those included in the total employee schedule of Chapter 4. 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.*

T3.4.5

**Table 67: Employees: Waste disposal and other services**

<b>Employees: Waste Disposal and Other Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>		<b>Year 2022/2023</b>		
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	24	24	20	4	16,6%
4 – 6	8	8	8	0	0%
7 – 9	6	6	3	3	50%
10 – 12	3	3	1	2	66,6%
13 – 15	0	0	0	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>42</b>	<b>42</b>	<b>33</b>	<b>9</b>	<b>21,4%</b>

*Totals should equate to those included in the total employee schedule in Chapter 4. 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.*

T3.4.6

**Table 68: Financial performance 2022/2023: Solid waste management services**

<b>Financial Performance 2022/2023: Solid Waste Management Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>2021/2022</b>	<b>2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	<b>546 533</b>	<b>567 461</b>	<b>552 211</b>	<b>565 011</b>	<b>4%</b>
Expenditure:					
Employees	228 993	246 155	224 704	225 881	2%
Repairs and Maintenance	10 230	11 705	11 704	11 191	-6%
Other	247 226	173 833	278 100	262 528	42%
<b>Total Operational Expenditure</b>	<b>486 449</b>	<b>431 693</b>	<b>514 509</b>	<b>499 600</b>	<b>18%</b>
<b>Net Operational Expenditure</b>	<b>(60 084)</b>	<b>(135 769)</b>	<b>(37 702)</b>	<b>(65 411)</b>	<b>-59%</b>
<i>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.</i>					
<b>T 3.4.7</b>					

**Table 69: Financial performance**

<b>Details</b>	<b>2021/2022</b>	<b>2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	<b>2 607</b>	<b>7 854</b>	<b>7 853</b>	<b>2 203</b>	<b>-256%</b>
Expenditure:					
Employees	15 955	17 154	15 639	15 639	-10%
Repairs and Maintenance	104	151	151	149	-2%
Other	23 598	17 225	25 142	22 891	25%
<b>Total Operational Expenditure</b>	<b>39 657</b>	<b>34 530</b>	<b>40 933</b>	<b>38 679</b>	<b>11%</b>
<b>Net Operational Expenditure</b>	<b>37 050</b>	<b>26 676</b>	<b>33 081</b>	<b>36 476</b>	<b>27%</b>
<i>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.</i>					
<b>T 3.4.8</b>					

**Table 70: Capital expenditure 2022/2023: Waste management services**

<b>Capital Expenditure 2022/2023: Waste Management Services</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>8 500</b>	<b>7 141</b>	<b>6 773</b>	<b>-25%</b>	
OFFICE FURNITURE & EQUIPMENT (DIRECTORATE)	500	500	132	-278%	500
BCM FLEET – SOLID WASTE FLEET AND PLANT	8 000	6 641	6 641	-20%	8 000
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	3 000	3 000	2 805	-7%	3 000
GUARD HOUSE ABLUTION FACILITIES & OFFICES	669	–	–	0%	669
REFURBISHMENT OF TRANSFER STATIONS		139	139	100%	
CONSTRUCTION OF WASTE CELLS AT QONCE LANDFILL SITE	6 300	–	–	0%	8 019
CONSTRUCTION OF CELL 3, CELL 4, AND ANCILLARY WORKS IN THE LANDFILL SITES	2 000	–	–	0%	23 615
UPGRADING OF GARDEN TRANSFER STATIONS (COASTAL)	4 000	–	–	0%	4 000
CONSTRUCTION AND UPGRADING OF GUARD HOUSE		1 000	1 000	100%	1 000
GALVANISED STREET LITTER BINS	2 000	2 000	–	0%	2 000
OFFICE FURNITURE & EQUIPMENT (DIRECTORATE) c/o		326	326	100%	326
BCM FLEET – SOLID WASTE FLEET AND PLANT c/o		3 766	3 766	100%	3 766
ACQUISITION OF LIGHT DUTY VEHICLES (LDV) AND 4-TON TRUCK		1 921	1 704	100%	1 921
GALVANISED STREET LITTER BINS c/o		4 994	–	0%	4 994
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.) T 3.4.9</i>					



## **COMMENT ON WASTE MANAGEMENT SERVICE OVERALL**

- The City procured a fleet in 2021/2022 and more vehicles were purchased in the 2022/2023 financial year in order to continuously improve waste management services.
- The construction of the Qonce Depot guardhouse was completed in June 2023.
- BCMM in partnership with BKCOB established eight (8) Buy-Back Centres in the following areas:
  - a) Qonce Buy-Back Centre (Operational)
  - b) Mdantsane, NU 2 Buy-Back Centre (Operational)
  - c) Nompumelelo Buy-Back Centre (Operational)
  - d) Southernwood Buy-Back Centre (Operational)
  - e) EL CBD Buy-Back Centre (Operational)
  - f) Settlers Way Buy-Back Centre (Operational)
  - g) Mzamomhle Buy-Back Centre (Operational)
  - h) Gompo Buy-Back Centre (Operational)
- Upgrade of the two (2) transfer stations within the Coastal region, i.e., Kayser's Beach and Kidd's Beach in the 2022/2023 financial year through installation of guard rails.
- In addition to this, the City intensified its efforts for street cleaning, litter picking, gutter clearance, bush clearing, etc., through IRRT, EPWP, and the PEP.

**T 3.4.10**

## **3.5 INTRODUCTION TO HUMAN SETTLEMENTS**

### **INTRODUCTION TO HUMAN SETTLEMENTS**

Section 26 (1) of the Constitution states that:

- 1) South Africans have a right to access to sustainable housing.
- 2) The South African Government 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.

The BCMM commits to prioritising housing and related services, identifying and designating land for human settlements development, and initiating, coordinating, facilitating, promoting, and enabling appropriate human settlements development as mandated by the Constitution of the Republic of South Africa. The BCMM Human Settlements Directorate additionally commits to taking steps to ensure that the residents of its area have access to sustainable housing on a progressive basis. Furthermore, the Directorate aims to guarantee that the environment in which residents live maintains a high quality of life, adhering to good health and safety standards.

Ensuring the sustainable development of affordable and well-located rental and social housing stock is a housing priority. This focus is particularly crucial for the rapidly urbanising, mobile (migrant), and growing urban population, both within the inner city and in locations proximate to economic opportunities. Within BCM, there are Social Housing projects administered and funded by the Provincial Department of Human Settlements. Examples include Own Haven Housing Association, comprising 249 fully tenanted units. Hlala Nathi Social Housing, expected to yield 603 units, faces project blockages due to funding agreements and other legal-related matters. Additionally, Belgravia Valley Phase 3, set to yield 370 units, encounters project blockages attributed to a lack of demand from potential tenants, among other factors. It should be noted that a major challenge for the BCMM has been a lack of abundantly well-located and affordable land for human settlement creation.

The BCMM must establish a comprehensive land acquisition plan. Accessing state-owned land has proven challenging compared to privately owned land. A specific instance is the Reeston land intended for 66 housing units, where the municipality faces difficulties in obtaining approval from the state to release the land for municipal use.

The BCMM must prioritise purchasing more land. The release of land is hindered by various pieces of legislation and legal procedures governing the alienation of land, along with challenges in accessing state-owned land. Constitutional imperatives also impact the acquisition of private land, further complicating the process.

In an effort to address this challenge, the BCMM initiated engagement with the HDA and formalised a protocol agreement aimed at facilitating land release and acquisition. The agreement between BCMM and HDA was signed in November 2013. However, it is

imperative to implement interventions that enhance the relationship between these two government institutions to ensure positive outcomes from the agreement.

The slow pace of land release and or transfer of ownership to BCMM is taking longer than anticipated. These challenges are leading to delays in achieving the desired pace for upgrading informal settlements. This, in turn, hampers the provision of fully serviced sites and the construction of adequate housing for homeless individuals, destitute citizens, and backyard dwellers within the BCMM. There is an urgent need to unlock all land parcels to improve service delivery. However, the BCMM Council has tasked and mandated the Directorate of Spatial Planning and Development to conduct a land audit exercise in order to unlock land challenges within the Metro. That exercise has been completed and the report has been submitted to Council structures.

The BCMM requires a paradigm shift in its approach, moving away from primarily providing houses to families in informal settlements. However, this shift has generated animosity among those residing in backyard shacks and individuals holding blue cards. Recognising this, the Human Settlements Directorate is dedicated to adjusting its strategy to achieve a more balanced approach. The goal is to provide housing solutions not only to families in informal settlements but also to those residing in backyard shacks and to individuals holding blue cards. The BCMM Human Settlements Directorate needs to consider amending the policy in order to focus on people staying in the backyard and those with blue cards. Additionally, BMC needs to consider implementing the Intergraded Residential Development Programme (IRDP) which is the site and service where non-qualifiers in terms of Breaking New Ground (BNG) criteria will be considered in all future housing developments.

The BCMM has approximately 114 500 potential beneficiaries registered in the National Housing Needs Register (NHNR). These individuals remain in the NHNR system until the Directorate of Spatial Planning and Development secures available land and the Provincial Department of Human Settlements allocates the necessary budget. In respect of informal settlements, the Municipality has ± 80 600 households who are residing in informal settlements. The Directorate of Human Settlements, Spatial Planning, and Development, along with the Infrastructural Services Directorates, collaborate in terms of the Informal Settlements Upgrading Programme (ISUP). This programme is funded through the Informal Settlement Upgrading Partnership Grant (ISUPG).

The Directorate of Human Settlements measures service delivery based on the completion of top structures, the provision of fully serviced sites with water and sanitation, and number of beneficiaries registered for housing opportunities.

In the 2022/2023 financial year, the Directorate successfully completed 363 top structures, implemented 378 internal services, and registered 2 125 beneficiaries in the NHNR. The NHNR serves as the planning tool for the Directorate of Human Settlements when strategising for future human settlements development projects.

The Directorate has organised over 30 sessions of Housing Consumer Education in various BCMM Wards in an attempt to educate prospective beneficiaries about all Human Settlements programmes and policies, including qualification criteria, and provide information about the processes that lead to the ownership, management, and maintenance of a house. The Beneficiary Administration Unit continues to carry out beneficiary registration in projects within the BCMM jurisdiction where there is a funding agreement between the Province and BCMM, as implemented by the BCMM Human Settlements Directorate. This Unit also plays a role in community profiling exercises, verification processes, and shack numbering, where there are illegal occupation matters, double allocation, and other challenges facing the Human Settlements Directorate. Subsequently, the Relocation Unit takes charge of relocating HSS approved beneficiaries to their respective completed RDP houses.

Furthermore, the guide and road map for achieving 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 the Human Settlements Directorate's blueprint and guide in implementing different projects within the Metro. Furthermore, the ISHSP 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. To achieve the goals of these projects, it is essential to secure funding allocated by relevant funding bodies, established either within municipal structures or at the provincial or national level. The ISHSP plays a crucial role in outlining the overall nature and cost of capital investments required for the successful implementation of the ISHSP.

As stated above, the Directorate of Human Settlements service delivery for the 2022/2023 financial year is further broken down into different areas reflected in the table below:

**Table 71: Breakdown of areas where top-structures were built**

Top-structures Annual Target	Areas where top-structures were built	Total Delivered
440	Potsdam Village	203
	Mdange	160
Total Delivered		363
Internal Services Annual Target	Areas where basic internal services were provided	Total Delivered
629	Phakamisa	41
	Masibulele	203
	Sisulu	74
	Breidbach	60
Total Delivered		378

In light of the accomplishment of the aforementioned service delivery targets and an estimated household size of four people, the construction of 363 housing units has provided a structural, sound roof over the heads of approximately 1 452 individuals, primarily from informal settlements, along with essential services. Moreover, the service delivery partnership between BCMM and the HDA began to gain momentum following the awarding of several significant construction contracts. These contracts initiated on-site work toward the conclusion of the 2022/2023 financial year:

- Mdantsane Zone 18 cc - 1 500 top structures & associated services
- Peelson Housing Project - 598 top structures (only)
- Reeston Phase 3 stage 2 - 450 top structures & associated services
- Tyutyu Phase 3 - 188 top structures
- Mdantsane Cluster 2 - 366 top structures and associated services

In relation to the above, a total of approximately 3 102 housing units have commenced construction and are anticipated to be completed over the next three financial years through the collaborative partnership with the HDA.

**Impact:**

The advancements in delivering 363 top structures and 378 serviced sites have significantly influenced the initiative to relocate individuals from congested and health-hazardous informal settlements where shared ablution facilities expose residents to various opportunistic diseases. The construction of internal services and houses has not only transformed living conditions but has also had a profound impact on socio-economic activities. A total of 722 job opportunities were generated, contributing to skill development and enhancing the lives of the community.

**T.3.5.1**

**Table 72: Percentage of households with access to basic housing**

<b>Percentage of households with access to basic housing</b>			
<b>Year end</b>	<b>Total households (including in formal and informal settlements)</b>	<b>Households in formal settlements</b>	<b>Percentage of HHs in formal settlements</b>
2019/20	219 281	114 995	52,4%
2020/21	223 568	162 068	72,4%
2021/22	233 400	163 000	69,8%
2022/23	280 951	166 451	59,2%
			<b>T 3.5.2</b>

**Table 73: Housing service policy objectives taken from IDP**

Housing Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	2021/22		2022/23			2023/24	2024/25	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<i>To promote an integrated spatial form</i>	Number of subsidised housing units completed	420	213	420	440	363	750	750	750
<i>To promote an integrated spatial form</i>	Number of formal sites serviced	800	322	800	629	378	700	700	700
Housing Developments located in quality environments and close to economic opportunities	Number of beneficiaries registered for housing opportunities	2010	2024	2010	2010	2125	2020	2020	2020
									T3.5.3

**Table 74: Employees: Housing services**

<b>Employees: Housing Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	12	12	12	0	0%
4 – 6	5	4	3	1	25%
7 – 9	29	31	29	2	6,4%
10 – 12	8	8	8	0	0%
13 – 15	7	7	6	1	14,2%
16 – 18	3	3	3	0	0%
19 – 20	2	2	2	0	0%
<b>Total</b>	<b>66</b>	<b>67</b>	<b>63</b>	<b>4</b>	<b>5,9%</b>

*Totals should equate to those included in the total employee schedule in Chapter 4. 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 3.5.4**

**Table 75: Financial performance year 2022/2023: Human Settlements Services**

<b>Financial Performance Year 2022/2023: Human Settlements Services</b>					
					<b>R'000</b>
<b>Details</b>	<b>Year - 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	<b>2 764</b>	<b>112 450</b>	<b>106 790</b>	<b>107 541</b>	<b>-5%</b>
Expenditure:					
Employees	37 488	38 665	39 413	39 413	2%
Repairs and Maintenance	422	527	527	343	-54%
Other	10 373	122 623	137 760	22 402	-447%
<b>Total Operational Expenditure</b>	<b>48 283</b>	<b>161 814</b>	<b>177 700</b>	<b>62 157</b>	<b>-160%</b>
<b>Net Operational Expenditure</b>	<b>45 519</b>	<b>49 365</b>	<b>70 910</b>	<b>(45 384)</b>	<b>209%</b>

*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 3.5.5**



**Table 76: Capital expenditure year 2022/2023: Housing services**

<b>Capital Expenditure Year 2022/2023: Housing Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>Year 2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>235 992</b>	<b>219 484</b>	<b>220 235</b>	<b>-7%</b>	
Office Furniture and Equipment (Directorate)	500	422	422	0%	500
Cluster 3	1 000	–	–	0%	21 013
Potsdam Ikhwezi Block 2	3 000	–	–	0%	75
Potsdam North Kanana	3 000	–	–	0%	4 018
Duncan Village Proper	500	–	–	0%	6 503
Mdantsane Zone 18 CC Phase 2	9 000	10 293	10 354	13%	149 883
Amalinda Co-Op	–	9 364	9 364	100%	–
Cluster 1	10 000	26 465	26 465	62%	205 274
Cluster 2	9 163	21 962	21 962	58%	107 675
Duncan Vill Comp Site	2 500	–	–	0%	–
Braelyn Ext 10	2 500	–	–	0%	6 925
Tyutyu Phase 3	2 000	2 946	2 946	32%	39 715
Westbank Restitution	18 229	16 536	16 536	-10%	11 778
C Section & Triangular Site	2 000	–	–	0%	387
D Hostel	10 500	–	–	0%	612
Ford Msimango	600	–	–	0%	2 887
N2 Road Reserve	1 000	–	–	0%	–
Hani Park – Water	2 500	–	–	0%	174
Hlalani Water	5 000	–	–	0%	916
Phola Park – Water	5 000	–	–	0%	390
Berlin Lingelitsha – Phase 1 – Water	5 000	–	–	0%	3 008
Ilitha Sportfield – Water	5 000	–	–	0%	807
Empilisweni – Water	5 000	–	–	0%	849
Matsheni Park – Water	5 000	212	212	-2 255%	1 477
Khayelitsha – Water	4 000	1 407	1 407	-184%	2 629
Xhwitinja – Water	–	–	–	0%	–
Kwa Tshatshu – Water	5 000	–	–	0%	–
Ginsberg – Water	5 000	994	994	-403%	1 762
Slovo Park – Water	1 000	–	–	0%	–
Ekuphumleni – Water	1 000	–	–	0%	–
Ethembeni – Water	1 000	–	–	0%	–
East Bank Restitution	5 000	–	–	0%	–
Reeston Phase 3 Stage 2	13 500	10 446	10 446	-29%	60 146
Nelson Mandela 102 Project – Water	9 500	778	778	-1 122%	778
<b>BREIDBACH SERVICES PROJECT – WATER</b>	<b>6 000</b>	<b>7 000</b>	<b>7 000</b>	<b>14%</b>	<b>10 000</b>
Nondula – Water	6 000	2 637	2 637	-128%	3 505

Majarantiyeni – Water	4 000	–	–	0%	–
Boxwood Project	2 875	24 086	24 086	88%	117 691
CNIP Victims Project – Cambridge West	9 000	14 113	14 113	36%	20 046
Reeston Phase 3 Stage 3	3 000	–	–	0%	–
Phakamisa South	8 925	11 988	12 677	30%	68 419
Ilitha 177	5 000	2 881	2 881	-74%	8 771
Dimbaza Shutter Houses	10 000	1 226	1 226	-715%	3 221
Mzamomhle – Peoples Housing Process	4 000	4 078	4 078	2%	16 613
Parkhomes for Destitute & Gender-based Violence (GBV) Victims	2 000	2 517	2 517	21%	2 221
Ziphunzana Bypass Relocation Site (Temporary Relocation Areas [TRA])	6 000	5 995	5 995	0%	5 995
Mdatshane Erf 81,87, 88 relocation unit	5 000	10 486	10 486	52%	149 866
Fynbos Relocation Site Unit	–	–	–	0%	2 795
Potsdam Ikhwezi Block 1	–	7 506	7 506	100%	15 131
Emergency Temporary Relocation Units (TRU)	–	2 252	2 252	100%	3 484
Haven Hills TRU	6 200	8 846	8 846	30%	8 846
Hemingways Informal Settlements	1 000	269	269	-271%	260
Silvertown	1 000	978	978	0%	851
Lillyvale – Roads	3 000	6 074	6 074	51%	14 410
Erf 271 Summerpride	–	4 725	4 725	100%	4 725
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.5.6</i>

## **COMMENT ON THE PERFORMANCE OF THE HUMAN SETTLEMENTS SERVICE OVERALL:**

There are approximately 80 600 informal settlement structures spread across more than 154 informal settlements within the BCMM urban edge. BCMM has allocated a budget of R3 million over the MTREF for a review of the informal settlement study, scheduled to be implemented in the 2023/24 financial year.

This review will be instrumental for BCMM in terms of planning and budgeting. Duncan Village stands out as the area with the highest density and the largest number of informal settlement structures. The current data on backyard shacks in BCMM indicates approximately 40 000 structures, with the highest concentrations found in the greater EL area, as well as in the Mdantsane and Potsdam areas.

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

Emergency Housing programme: assisting the Eastern Cape Department of Human Settlements (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 Education

Beneficiary Administration

Policy Development to facilitate improved service delivery

The BCMM Human Settlements Directorate is tasked with the responsibility of ensuring that all residents currently residing in informal settlements have access to adequate shelter. This involves transitioning residents from informal settlements to formal housing through an incremental process. The objective is to elevate those currently receiving a sub-economic RDP level of service to a full level of RDP or higher level of services.

However, considering the scale 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. It is anticipated that most of the beneficiaries of the housing programme will more than likely not be able to afford the higher levels of service).

Various housing projects have been executed within BCMM, with support of the Provincial Department of Human Settlements implementing some of the projects within its jurisdiction. These projects are geographically dispersed across the following areas:

East London

Mdantsane

Reeston

Potsdam

Qonce

Rural areas

The 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 allocated a budget for Informal Settlements Upgrading. This process involves transforming the status of illegal structures into a legal framework, thereby contributing to the improvement of housing statistics. Furthermore, upgrading also involves 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 a staff deficit, the BCMM Human Settlements Directorate is actively engaged in various programmes aimed at improving the lives of people residing in informal settlements, making a positive impact on their well-being.

Through intensive engagements with the National and Provincial Department of Human Settlements, there is significant progress made towards achieving level 2 housing delivery accreditation in the 2022/2023 financial year. Once this matter has been resolved, the turnaround time of BCMM housing delivery will drastically improve.

The protocol agreements concluded with the HDA are anticipated to enhance the efforts of BCMM in infrastructure and housing delivery, operating at a larger scale compared to previous financial years.

The pace of upgrading informal settlements is gaining momentum, with ongoing efforts directed towards reviewing the current study encompassing approximately 154 informal settlements. Upon completion of the review, there will be enhanced budgeting and planning processes for the upgrading of informal settlements.

Plans are underway to establish an Informal Settlements Upgrading Unit within the Human Settlement Directorate. This unit will be equipped with trained staff members, representing an additional effort to enhance the efficiency in planning and executing informal settlements upgrading projects.

**T3.5.7**

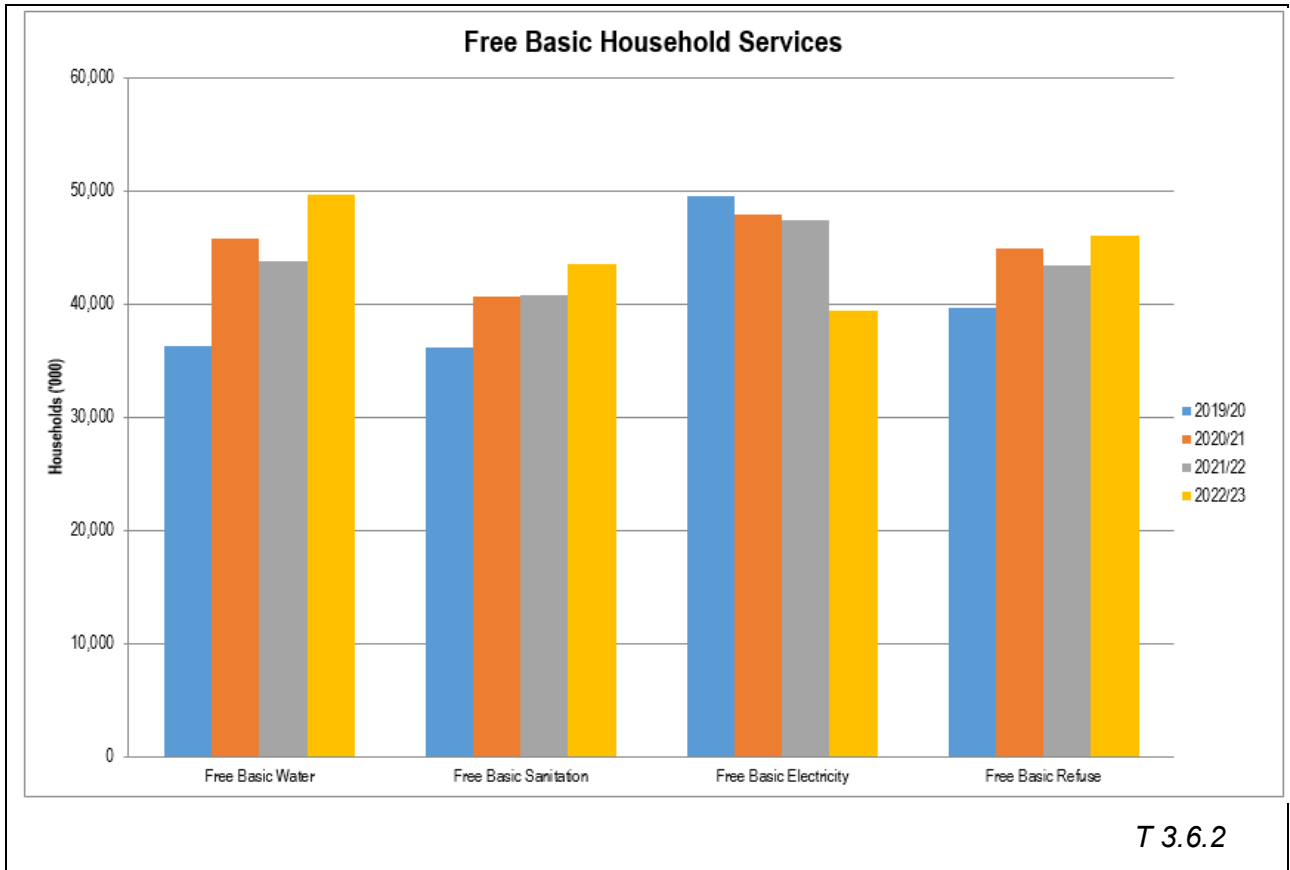
### **3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT**

#### **INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

In terms of its Constitutional obligation, BCMM provides a monthly indigent subsidy to registered indigent customers. BCMM 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 2022/23. For the period 2022/23, 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 R4 020 for 2022/2023) or property value R150 000 or less. The subsidy relates to electricity (50kWh), water (6kl), refuse removal, sanitation, and property rates. Every month, the indigent subsidy is applied to the accounts of qualified beneficiaries alongside their monthly billing. In the case of free basic electricity, customers can claim their 50kWh allocation each month through the vending system.

Figure 21 and Table 84 below illustrate the distribution of various services within the urban register. The figures accurately represent the number of subsidies granted for each specific service. The cumulative total presented in the table encompasses both urban and rural (electricity) registered indigent customers.

*T 3.6.1*



**Figure 20: Free basic household services**

**Table 77: Free basic services to low-income households**

Free Basic Services to Low Income Households											
	Number of households										
	Grand Total	Households earning less than R4 020 per month									
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
			Access	%	Access	%	Access	%	Access	%	
2019/20	51 547	51 547	36 263	100%	36 186	100%	49 572	100%	39 644	100%	
2020/21	50 430	50 430	45 849	100%	40 718	100%	47 915	100%	44 934	100%	
2021/22	48,039	48,039	43,798	100%	40,738	100%	47,459	100%	43,453	100%	
2022/23	49 834	49 834	49 627	100%	43 553	100%	39 376	100%	46 029	100%	
<i>T 3.6.3</i>											

**Table 78: Financial performance Year 0: Cost to Municipality of free basic services delivered**

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2021/2022	2022/2023			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	195,015,414	206,670,059	206,670,059	262,114,845	21%
Waste Water (Sanitation)	73,090,234	98,300,972	98,300,972	73,090,234	-34%
Electricity	50,947,130	82,663,498	82,663,498	32,466,590	-155%
Waste Management (Solid Waste)	133,479,195	166,584,520	166,584,520	149,818,130	-11%
Total	452,531,973	554,219,049	554,219,049	517,489,799	-7%
<i>T 3.6.4</i>					

**Table 79: Free Basic Service Policy objectives taken from IDP**

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	2021/2022		2022/2023			2023/2024		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	2023/2024 (viii)	2024/2025 (ix)	2025/2026 (x)
<b>Service Objective xxx</b>									
Provision of Free Basic Services to Indigent households	Percentage of the municipality's operating budget spent on free basic services to indigent households	5,00%	6,60%	5,00%	5,00%	7,15%	5,00%	6,00%	6,00%
Provision of Free Basic Services to Indigent households	Free Basic Electricity provision levels as per percentage of total residential electricity provision (in terms of MWh)	10,00%	10,11%	10,00%	10,00%	12,51%	10,00%	10,00%	10,00%
									T 3.6.5



## **COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:**

For the period 2022/23, 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 R4 020 for 2022/2023) or property value R150 000 or less. The subsidy relates to electricity (50 kWh), water (6 kl), refuse removal, sanitation, and property rates. Every month, the indigent subsidy is applied to the accounts of qualified beneficiaries alongside their monthly billing. In the case of free basic electricity, customers can claim their 50 kWh allocation each month through the vending system.

The Indigent Support Policy aims to aid beneficiaries in accessing essential services and facilitating their rehabilitation to eventually transition out of indigent support. Annually, the Municipality receives an equitable share from the National Government, which funds the monthly provision of Free Basic Services to the beneficiaries.

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

T 3.6.6

## **COMPONENT B: ROAD TRANSPORT**

### **3.7 INTRODUCTION TO ROAD TRANSPORT**

#### **INTRODUCTION TO ROAD TRANSPORT**

##### **Strategy**

To 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.

##### **Priorities**

The Development of the Sleeper Site Phase 2 project has been prioritised for planning and implementation. The Project Entails the he reconstruction of Currie Street between Moore Street and Fleet Street as a Class 3 dual carriageway road, Street lighting to be installed along the full length of Currie Street and upgrading of all sides streets to carter for more parking facilities. The Construction of the Works started in September 2022 and Completion is expected in January 2024.

MELD was also identified as a priority as far back as in 2010 during the Bus Rapid Transport System (BRT) era. The draft business plan for the MELD corridor were completed in October 2019 and were presented to the National Department of Transport. The business plan proposed that 24 buses should be procured for the MELD corridor to work in parallel with the taxis. This decision was taken after considering various factors namely the co-funding that was required by from the municipality, revenue anticipated from commuters and the capital funding from the National Department of Transport in order to ensure sustainability of the new bus service under IPTN.

The 24 buses that were proposed were going to be operated by affected taxi and bus operators. The presentation of the draft MELD corridor business plan was made to the affected operators as part of information sessions towards the negotiations. The bid documents for the procurement of specialist's services for the negotiations namely, Transport Specialists, Financial Specialists, and Legal Advisors were completed by end November 2019. However, the procurement process had to be suspended after the municipality was informed in December 2019 that the Public Infrastructure Grant would be suspended from July 2020 for a period of three years.

The second project being the Upgrading of Ebuhlanti Taxi Rank. The purpose of the project is to Upgrade the Existing Taxi Rank to have Canopy Shelters, Loading Island, Hawkers Stalls Facilities, Ablution Facilities and An Office. Construction of the Project Started on the 10 August 2022 and completion is expected in February 2024.

### **Bus services**

Buffalo City Metro Municipality has only five buses in operations providing a limited services.

**T3.7.**

### **INTRODUCTION TO ROADS**

The primary responsibility of the Roads and Stormwater Unit is to establish a secure, all-weather road network for all municipality road users. The condition of our roads significantly influences the daily lives of residents and businesses alike. Well-maintained and properly designed roads not only

enhance the overall safety of motorists and pedestrians but also contribute to smooth traffic flow and improved accessibility.

A high-quality and efficient road network serves as a crucial catalyst for the economic growth of any city. Both investors and individuals prioritise mobility and access when making decisions to invest in a city, recognising the pivotal role that a well-developed road infrastructure plays in fostering economic development. The BCMM is strategically positioned and centrally located as a transportation hub, boasting various modes of transportation for people, goods, and services. The proximity of the harbour, airport, and rail linkages to the West Bank precinct, a crucial catalytic area, underscores their significance in fostering the growth and development of the City. The Current Upgrade of Settlers Way serves to seamlessly connect all these modes of transportation with a high-volume, world-class road linkage.

The road network in the BCMM spans approximately 3 321 km, encompassing both surfaced and gravel roads. The estimated replacement cost for the entire network is R9.55 billion. Specifically, the surfaced roads network, incorporating asphalt, concrete, and block paved roads, consists of approximately 1 692 km, with an estimated replacement cost of approximately R7,1 billion. Additionally, the gravel roads network, covering approximately 1 629 km, has an estimated replacement cost of R2,45 billion.

The Roads Branch had an annual capital budget allocation of R401,2 million for upgrading of roads, rehabilitation and resurfacing of surfaced roads, and regravelling of rural roads. An amount of R98 million was allocated under the operational budget for the maintenance of existing roads and road furniture.

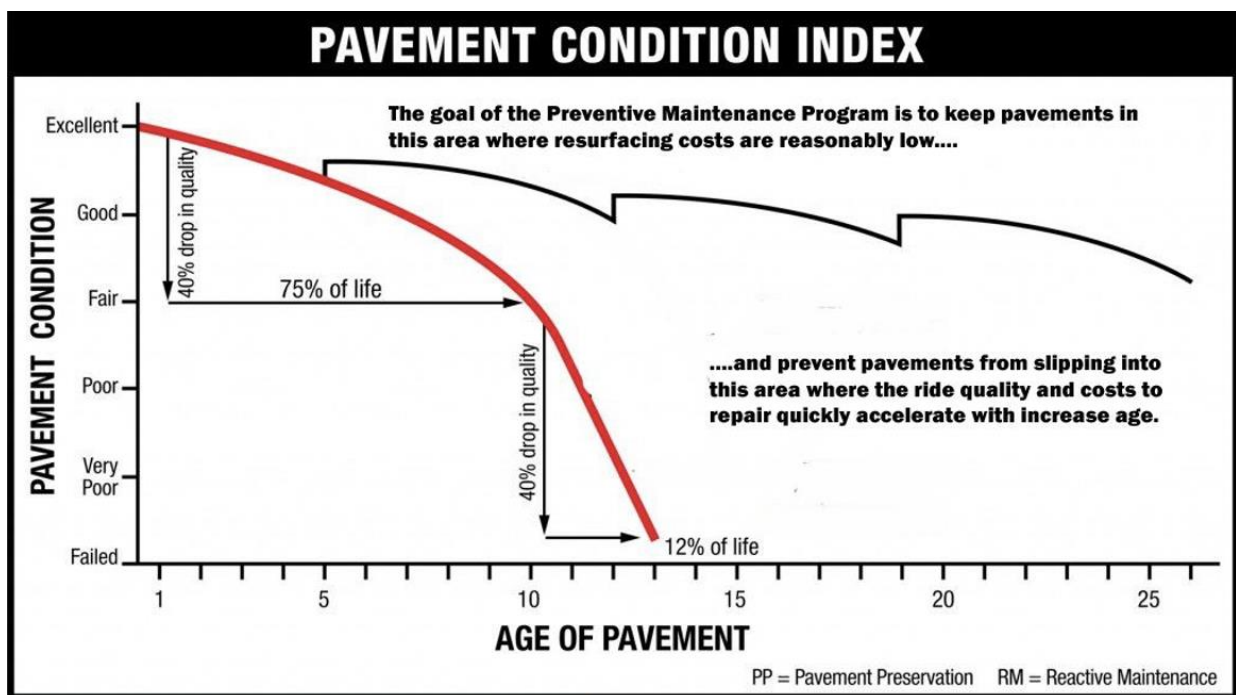
The Department is presently in the process of reviewing a tender document for the selection of a professional service provider to undertake the compilation of the BCMM PMS. This project encompasses inventory and condition assessment surveys for the complete roads, stormwater, and bridges network. It is noteworthy that the prior contract for PMS did not receive consideration from the Bid Adjudication (BAC) and was consequently cancelled.

The PMS is an important tool for the planning and management of the vast infrastructure network of roads. The condition assessments give a snapshot of the roads at a particular point in time. This enables the Municipality to determine the condition and extent of the infrastructure under its control. This aids in determining budget requirements and assists in the identification and prioritisation of projects. These assessments provide valuable information on condition trends such as the rate of

deterioration, the most common types of failures, and where they are occurring. The outputs also include the type of interventions required, and where to best utilise the available funding.

The graph below illustrates a typical deterioration curve for a surfaced road. The sawtooth line depicts the impact of regular preventative maintenance on the road's lifecycle. This maintenance strategy significantly extends the service life of the road.

The cost of maintenance in the Excellent to Fair condition ranges is considerably lower than the cost of rehabilitation in the Poor to Very Poor condition ranges. Roads in the Poor to Very Poor condition ranges typically necessitate more substantial works, such as layer works, kerbing, drainage, and surfacing, which incur significantly higher expenses compared to a reseal.



**Figure 21: Pavement condition index**

The targeted condition range for a roads network is the Good to Fair range with between 5% to 10% of the total roads network in a Poor to Very Poor condition at any given time. That is generally an indication of a well-maintained roads network.

The BCMM roads network currently falls outside acceptable limits and requires an annual investment of R300 million in roads rehabilitation and resurfacing to enhance the overall condition of the network.

Climate change has expedited the deterioration process, with prolonged droughts leading to cracks in the road surface. Subsequent heavy rainfall exacerbates the situation by allowing water to infiltrate the road layer works. This acceleration in the deterioration of the road surface occurs as water penetrates the layer works, ultimately resulting in failures such as potholes, rutting, and additional cracking.

### **Urban Roads**

The BCMM Roads Branch is responsible for the maintenance of all municipal proclaimed roads within the BCMM boundaries.

The BCMM Roads Branch implements an annual programme for roads rehabilitation and resurfacing. Each financial year, specific budgets are allocated to wards within the BCMM for the purpose of roads rehabilitation and resurfacing. This initiative focuses on enhancing the condition of existing urban roads in the Metro. Given the advanced age of the roads network and the impact of adverse weather conditions, a considerable portion of the existing network has deteriorated beyond the point where a simple reseal or resurfacing action would be sufficient. The structural layers of the roads have been compromised, necessitating more extensive rehabilitation works that are not only more costly but also more disruptive to the existing infrastructure.

A significant amount of additional funding is required to improve the overall condition of the roads network. Special attention should be given to roads where the structural layers are still in good condition. By resurfacing those roads as a priority, it can save significant additional rehabilitation costs by protecting the layer works now.

Utilising the existing funding for the rehabilitation of failed roads implies that roads with potential for salvage through resurfacing will also deteriorate and necessitate rehabilitation. This process is two to three times more expensive than the cost of resurfacing.

A portion of the budget should be set aside for rehabilitation, and the remainder should be used for resurfacing.

### **Rural and Informal Roads**

The BCMM Roads branch is responsible for the maintenance of all municipal gravel roads within the Metro. It must be noted that access roads to rural villages fall under the control of the EC DOT.

The Roads Branch is actively engaged in regravelling, spot blading, as well as wet and dry blading of municipal rural roads as part of its ongoing maintenance efforts. The regravelling and maintenance of rural roads receive annual budget allocations under both the capital and operational budgets. The extensive rural roads network, combined with adverse weather conditions, poses challenges in maintaining the network to an acceptable level with the available resources. Gravel roads are by nature maintenance intensive and require regravelling every five years. The slope of the terrain and rainfall events can significantly reduce the useful life of these roads. The provision of rural roads can also be costly and challenging as the villages are often 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.

The Roads Branch also assists in maintaining informal roads to provide a basic level of road access to informal areas. A major challenge in providing this service is that there is often very little space left for road access, resulting in the need to remove or relocate informal dwellings to make space for the road. The provision of stormwater drainage for the roads in informal areas is often very difficult, as there are informal dwellings located where the drainage is to be located, or the positions where the drains are to discharge are occupied. Informal settlements are frequently situated in areas that pose challenges for access, either due to difficult terrain or the high cost associated with providing roads. Additionally, factors such as land ownership and zoning further limit the provision of road access to these informal areas.

### **Roads stakeholders**

Roads stakeholders include various authorities and entities operating within the BCMM boundaries. While BCMM is responsible for all municipal proclaimed roads within its jurisdiction, other road authorities also play a role. These may include:

- The Provincial Department of Roads and Transport (DRPW), which is responsible for 472 km of surfaced roads and 1 083 km of gravel roads within the BCMM area.
- SANRAL, which is responsible for all the national roads within the BCMM, such as the N2, N6, and R72.

There is an ongoing collaboration between SANRAL and the BCMM in implementing various roads projects within BCMM. These initiatives hold significant importance for our communities, focusing on the development and maintenance of national roads within the region of Buffalo City.

The collaborations between SANRAL and BCMM have been instrumental in ensuring that the transportation infrastructure meets the necessary standards and effectively serves the needs of its local residents.

**The list below are projects implemented by SANRAL within the BCMM:**

**a) N2 Green River to Buffalo River, Qonce – R 500 million:**

Project Type: Road Improvement Project of 8 km

Currently under construction; anticipated completion in April 2024.

Scope:

- Road widening
- Road improvement
- Construction of a new 200-metre-long bridge over the Tshoxa River and adjacent railway line, as well as a second new bridge over the Tshoxa River (next to Engen) and a new bridge over the Buffalo River.

**b) N2 Breidbach and Belstone Interchanges – R437 million:**

Project Type: Construction of New Facilities.

Currently under construction; anticipated completion in June 2024.

Scope:

- Construction of a link road from Breidbach towards Sweetwaters.
- Construction of an interchange at Belstone Bridge and the dualling of the road to Bhisho.

- Community-based development roads projects in Qonce areas such as Ginsburg, KwaRhayi, and KwaTshatshu.

**c) Dualling of R72 EL**

Project Type: Upgrading to a dual carriageway from EL Airport to Gxulu River.

Currently at detailed design stage.

**d) Dualling of N2: End of Freeway to Brakfontein**

Project Type: Upgrading to a dual carriageway.

Currently at detailed design stage.

**e) R.063-160-2023/1 Phase 2 From N6 Bridge km 1.0 to km 21.7**

Project Type: Special Maintenance project.

Currently at detailed design stage.

**f) N6 EL – Aliwal North RRM – R64,2 million**

Project Type: Routine Road Maintenance.

Affected municipalities: Buffalo City, Amathole District, Chris Hani District, and Joe Gqabi District.

Currently under construction; estimated completion in October 2024.

**Contract name:**

**Routine Road Maintenance (RM) of the National Road N2 Section 15 (KM 0) to Section 16 (KM 31.26) and National Route N6 Section 1 (KM 0) to (KM 32.22) and National Route R72 Section 4 (KM 9.90) to (KM 61.78) R60 million**

**Scope:**

Accommodation of traffic; pavement layers and surface repair; surface patching and surfaced roads; and crack sealing.

Surface treatment of surfaced roads; maintenance of existing culverts; construction and maintenance; and cleaning and maintenance of existing earth channels.

Not yet appointed.






BCMM has engagements with the DRPW through the IGR forum to address the maintenance and upgrade of provincial roads within the Metro. Numerous national and provincial roads

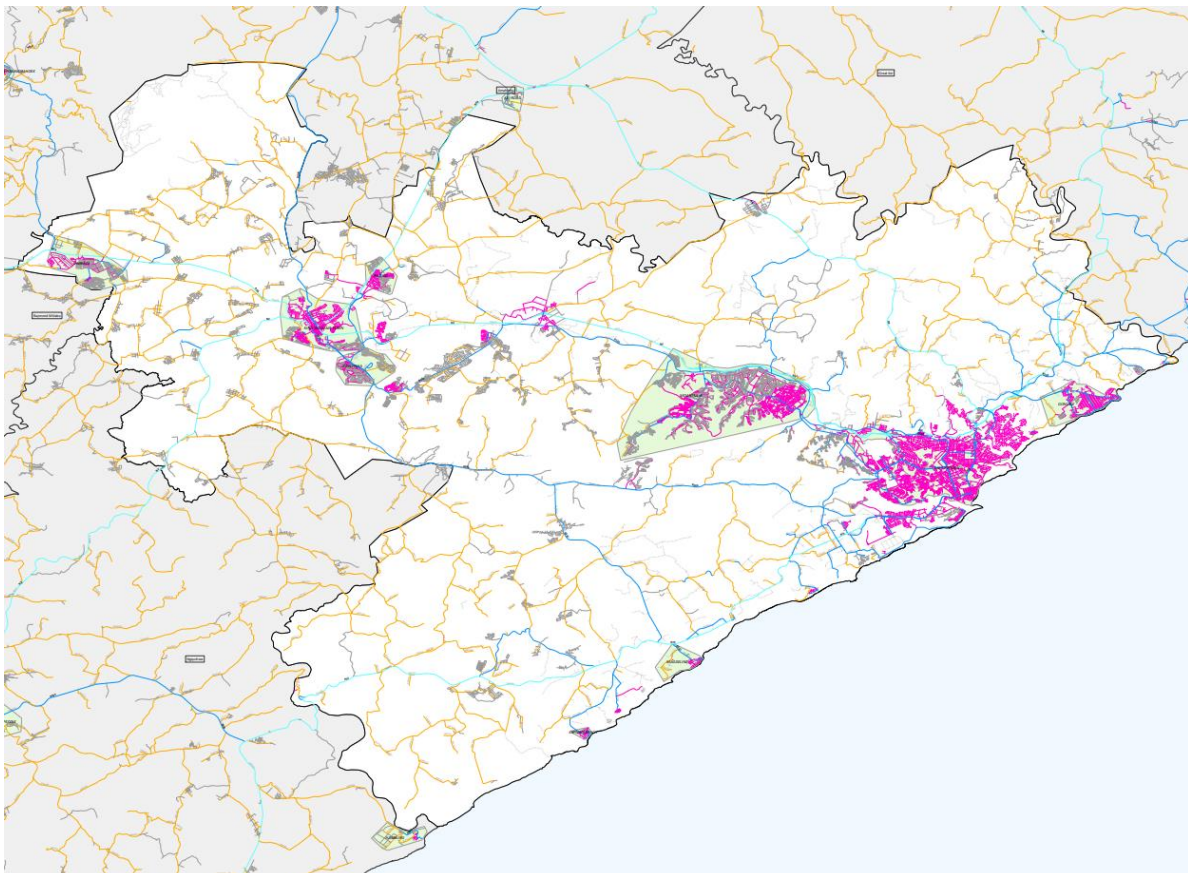


profoundly influence the Metro, as these national roads play a pivotal role in facilitating the transportation of goods, services, and people between cities. Additionally, they provide access to residential areas within BCM.

The Provincial Roads Department prioritises road works based on criteria set out by the Department, and often, these priorities may not align with those of BCM.

Below is a map illustrating the roads falling under various road authorities within BCMM's boundaries.

-  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.



**Figure 22: Roads that fall under the different road authorities within BCMM**

**T3.7.1**

**Table 88: Tarred road infrastructure**

Gravel Road Infrastructure				
Kilometers				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2020/2021	1 637	4	12	90
2021/2022	1629	2	10	80
2022/2023	1632	3	6	69
				T 3.7.2

**Table 89: Tarred road infrastructure**

Tarred Road Infrastructure					
Kilometers					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2020/2021	1 682	12	33	33	750
2021/2022	1 692	10	23	23	680
2022/2023	1698	6	21	21	620
					T 3.7.3

**Table 90: Cost of Construction / Maintenance**

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2020/2021	3100	7700	1500	8500	6500	3500
2021/2022	3250	7900	1650	8700	6700	3650
2022/2023	3412	8295	1732	9135	7035	3832
						T 3.7.4

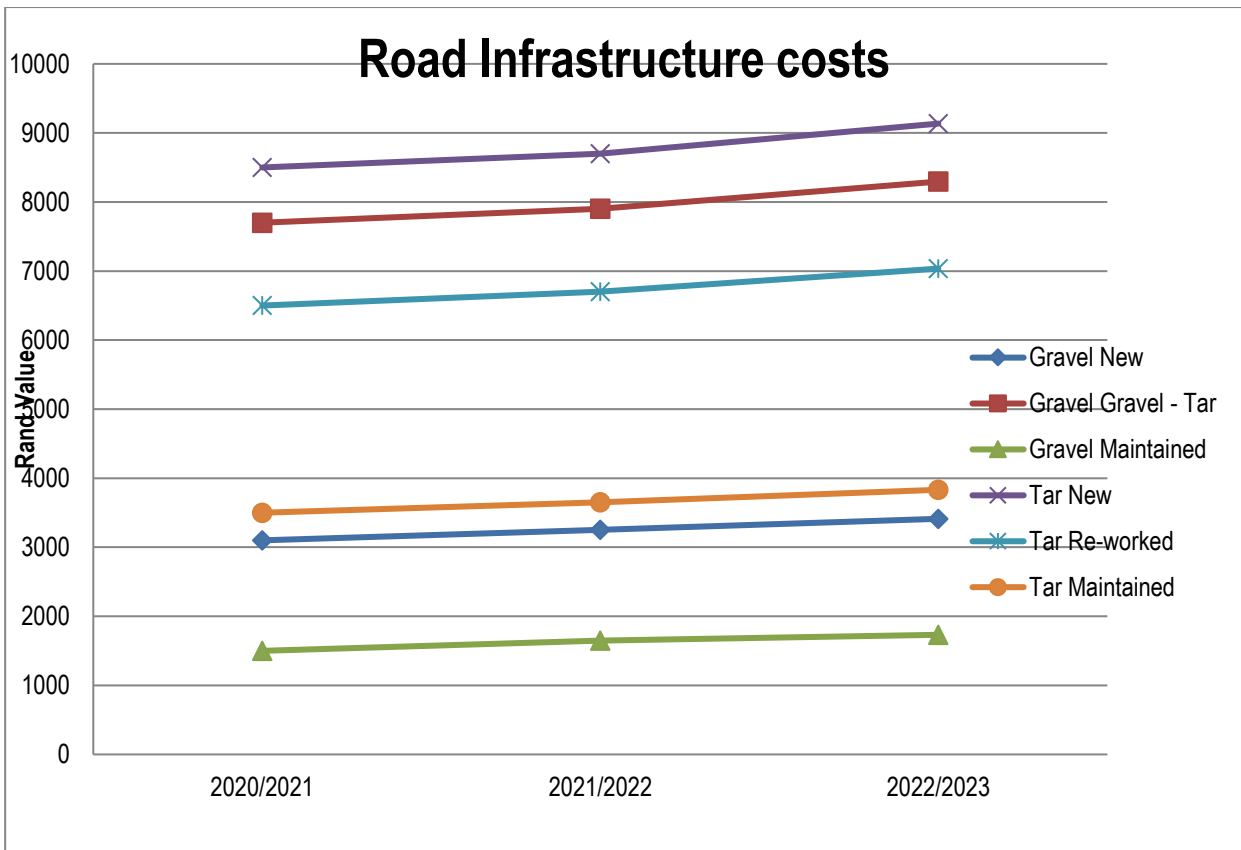


Figure 22: Road Infrastructure costs

T3.7.5

**Table 91: Roads Service Policy Objectives Taken from IDP**

Road Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	2021/2022		2022/2023			2022/2023	2023/2024	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<i>Elimination of gravel roads in townships</i>	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	Baseline (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)
<i>Development of municipal roads as required</i>	xxx kms of municipal roads developed	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms
TR6.11	Percentage of unsurfaced road graded	4.48% (60km)	5,91% (79,89km)	4.48% (60km)	4.48% (60km)	5,104% (69km)	4,48% (60km)	4,48% (60km)	4,48% (60km)
TR6.12	Percentage of surfaced municipal road lanes which has been resurfaced and resealed	0,94% (15km)	1,44% (23,02km)	0,94% (15km)	0,94% (15km)	1,325% (21,2km)	0,9375 % (15km)	0,9375 % (15km)	0,9375 % (15km)
TR6.13	Km of new Municipal road lanes built	1	5,93km	1	15	19,138km	1	1	1
TR6.1/CC6	Km of gravel Roads upgraded to Surfaced Standard	10	10,363km	10	6	5,938km	6	6	6
TR6.21	Percentage of reported pothole complaints resolved within standard municipal response time	-	-	-	60%	60%	60%	60%	60%
<p><i>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</i></p>									T 3.7.6

**Table 92: Roads Services Employees**

<b>Employees: Roads Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	156	199	179	20	10,5%
4 – 6	49	135	124	11	8,1%
7 – 9	40	75	68	7	9,3%
10 – 12	28	91	88	3	3,2%
13 – 15	8	22	19	3	13,6%
16 – 18	2	3	3	0	0%
19 – 20	3	6	3	0	0%
<b>Total</b>	<b>291</b>	<b>314</b>	<b>286</b>	<b>28</b>	<b>8,9%</b>
					*T3.7.7

**Table 803: Financial performance 2022/2023: Road services**

<b>Financial Performance 2022/2023: Road Services</b>					
					<b>R'000</b>
<b>Details</b>	<b>2021/20212</b>	<b>202/2023</b>			<b>Variance to Budget</b>
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	
<b>Total Operational Revenue</b>	<b>2 021</b>	<b>8 353</b>	<b>7 934</b>	<b>6 051</b>	-38%
Expenditure:					
Employees	92 637	101 643	95 188	95 188	-7%
Repairs and Maintenance	114 602	121 259	127 207	124 589	3%
Other	656 016	280 144	942 808	808 253	65%
<b>Total Operational Expenditure</b>	<b>863 255</b>	<b>503 046</b>	<b>1 165 204</b>	<b>1 028 031</b>	<b>51%</b>
<b>Net Operational Expenditure</b>	<b>861 234</b>	<b>494 693</b>	<b>1 157 270</b>	<b>1 021 979</b>	<b>52%</b>
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

**Table 94: Capital expenditure 2022/2023: Road services**

<b>Capital Expenditure 2022/2023: Road Services</b>					
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>395 228</b>	<b>478 791</b>	<b>478 286</b>	<b>17%</b>	
BOWLS ROAD REHABILITATION – WARD 3	1 000	999	999	0%	2 701
CONSTRUCTION OF ROAD INFRASTRUCTURE	10 000	21 832	21 832	54%	39 869
CONSTRUCTION OF ROAD INFRASTRUCTURE – SANDILE-THUSI ROAD	19 581	14 581	14 568	-34%	31 101
CONSTRUCTION OF ROAD INFRASTRUCTURE – TOYANA ROAD	2 893	6 264	6 264	54%	6 264
REHABILITATION OF BCMM BRIDGES AND STORMWATER	4 000	3 911	3 911	-2%	75 043
REHABILITATION OF BCMM BRIDGES AND STORMWATER	–	38 463	38 463	100%	7 790
REHABILITATION OF BEACONHURST DRIVE	1 000	995	995	0%	1 990
REHABILITATION OF DOUGLAS SMITH HIGHWAY	4 000	3 891	3 891	-3%	9 747
REHABILITATION OF SETTLERS WAY	184 636	204 485	204 485	10%	412 625
REHABILITATION OF ZIPHUNZANA BYPASS	1 000	1 000	1 000	0%	1 995
ROADS PROVISION	30 000	28 909	28 909	-4%	259 381
ROADS PROVISION	8 500	10 930	10 930	22%	64 088
RURAL ROADS	29 030	29 195	29 094	0%	200 575
UPGRADING OF MDANTSANE ROADS – CLUSTER 1	17 700	20 400	20 010	12%	39 238

UPGRADING OF MDANTSANE ROADS – CLUSTER 2	33 607	42 900	42 900	22%	58 708
UPGRADING OF MDANTSANE ROADS – CLUSTER 3	40 281	42 763	42 763	6%	68 554
UPGRADE OF NORTH EAST EXPRESSWAY	1 000	988	988	-1%	2 974
URBAN ROADS	7 000	6 284	6 284	-11%	50 413
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.7.9</i>

### **COMMENT ON THE PERFORMANCE OF ROADS OVERALL:**

The Roads Branch successfully achieved all four of the service delivery targets for the 2022/2023 financial year as per the SDBIP targets.

Ninety-five percent (95%) of the R 401,2 million capital budget was spent. There was under expenditure on the Mdantsane Roads project, as it was awarded later than anticipated. However, 100% of the allocated R 98 million operating budget was spent.

As part of BCMM's continuous efforts to enhance infrastructure, the Roads Branch has successfully executed two multi-year projects. These initiatives aim to improve the transportation network, ensuring smoother travel for its communities. The ongoing projects include the Rehabilitation and Upgrade of Settlers Way and Military Road, as well as the Mdantsane Roads Upgrade Phase 4B.

### **Rehabilitation and upgrade of Settlers Way and Military Roads**

#### **Contract Value: R 461 832 000,00**

The contractual commencement date is 17 May 2021, with the anticipated completion date being 31 October 2023.

#### **Project scope:**

Rehabilitation and upgrading of approximately 7,8 km 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, and public transport facilities; and reconfiguration of the existing intersections.

Military Road entails the rehabilitation and widening of around 2,2 km of road between Settlers Way and Bank Street. This comprehensive project encompasses the installation of turning lanes, kerbing, stormwater drainage, sidewalks, and intersection upgrades. Additionally, it includes the reconfiguration of intersections along 2,2 km of Military Road in East London.

Currently, the project has reached the practical completion stage. Outstanding work is the completeness of walkways in Military Road. The overall completion date is 98%.



**Figure 23: Rehabilitation and upgrade of Settlers Way and Military Roads**





**Figure 24: Rehabilitation and upgrade of Settlers Way and Military Roads**

#### **MDANTSANE ROADS UPGRADE PHASE 4B: R246 MILLION**

The Mdantsane Roads Upgrade Project seeks to upgrade existing gravel roads in Mdantsane to surfaced standards. This multi-year project aims to eliminate gravel roads in the residential area of Mdantsane.

Phase 4B consists of Two Clusters, which are as follows:

**Table 81: Cluster 2**

Commencement date	03 January 2023
Completion date	29 July 2024
Progress to date	48%
Scope of Works	<ul style="list-style-type: none"> <li>Construction of approximately 10 km of surfaced streets to a width of 5,5 metres, with associated pavement layers (35 roads).</li> </ul>

	<ul style="list-style-type: none"> <li>• Construction of a stormwater drainage system consisting of approximately 8 250 metres of concrete pipes up to 600 mm in diameter.</li> <li>• Construction of appurtenant works such as service ducts, kerbing, road signs, and road marking.</li> <li>• Location and protection of existing services and relocation where necessary.</li> <li>• Installation of approximately 10 km of subsoil drains.</li> <li>• Management and mentoring of SMME sub-contractors.</li> </ul>
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**Table 82: Cluster 3**

Commencement date	14 July 2022
Completion date	14 March 2024
Progress to date	68%
Scope of Works	<ul style="list-style-type: none"> <li>• Construction of approximately 15 km of surfaced streets to a width of 5.5 m, with associated pavement layers (35 roads).</li> <li>• Construction of a stormwater drainage system consisting of approximately 11 350 m of concrete pipes up to 900 mm diameter.</li> <li>• Construction of appurtenant works such as service ducts, kerbing, road signs, and road marking.</li> <li>• Location and protection of existing services and relocation where necessary.</li> <li>• Installation of approximately 15 km of subsoil drains.</li> <li>• Management and mentoring of SMME sub-contractors.</li> </ul>

The Mdantsane Roads programme has taken precedence as a response to the historical neglect of the area. Situated as a suburb of the city, Mdantsane is an urban area that should ideally receive the same level of service as other comparable urban areas within the city. Prioritising the upgrade of existing gravel roads to surfaced standards is aimed at enhancing

mobility and access to opportunities, improving living standards in Mdantsane, and making it a more appealing area for residence.

T 3.7.10

### 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 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 plan is currently being updated.
- 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 is complete and a number of identified pedestrian bridges have been implemented in the last five years. Designs for the remaining bridges have been completed and implementation will commence when funds are available.
- c) **Traffic Safety Plan** – reduce the number of severity of collisions & casualties within its area of operations. The plan is due for 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 due for 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. The plan is due for review.
- g) **Public Transport Plan** – this plan assists the City in planning for public transport services and their various systems. The plan has been updated as part of the City's Integrated Public Transport Networks planning.
- 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

- a) The Construction of the Sleeper Site Phase project provided safe and reliable accessibility to the Westbank Area and Airport and also reduces the travel time as the road is class 3 road that provides for quicker access to services.
- b) The Construction of the Ebuhlanti Taxi Rank provides a safer public transport facility to the community of BCMM and also shelter on rainy days as it will provide much needed shelter to the Public Transport Users and Hawkers that provides services to the commuters.

### 2) Mobility

The municipality is implementing a number of projects and programmes in order to improve mobility and the highlights are as follows:

- a) The upgrading of Mdantsane Access Road from Crave Butchery to Mayibuye Transport Services provided additional mobility to the community of Reeston and surrounding. It is safe for the pedestrians as well to be able to move from their places to place of business.

### 3) Safety

- a) Installation of cameras at traffic signals at intersections will improve traffic flow during peak hours. It also provides safety from vandalism we have been experiencing by having 24 hr monitoring of vandalism of the city 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. A Total of 74 traffic calming measures were completed in the last financial year.

## **MAJOR SUCCESSES**

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

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. There are currently 10 Taxi Associations within the BCMM Area.

### **BUS OPERATORS**

The City has numerous bus operators within, 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. There is furthermore long-distance buses providing 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.

### **KING PHALO 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**

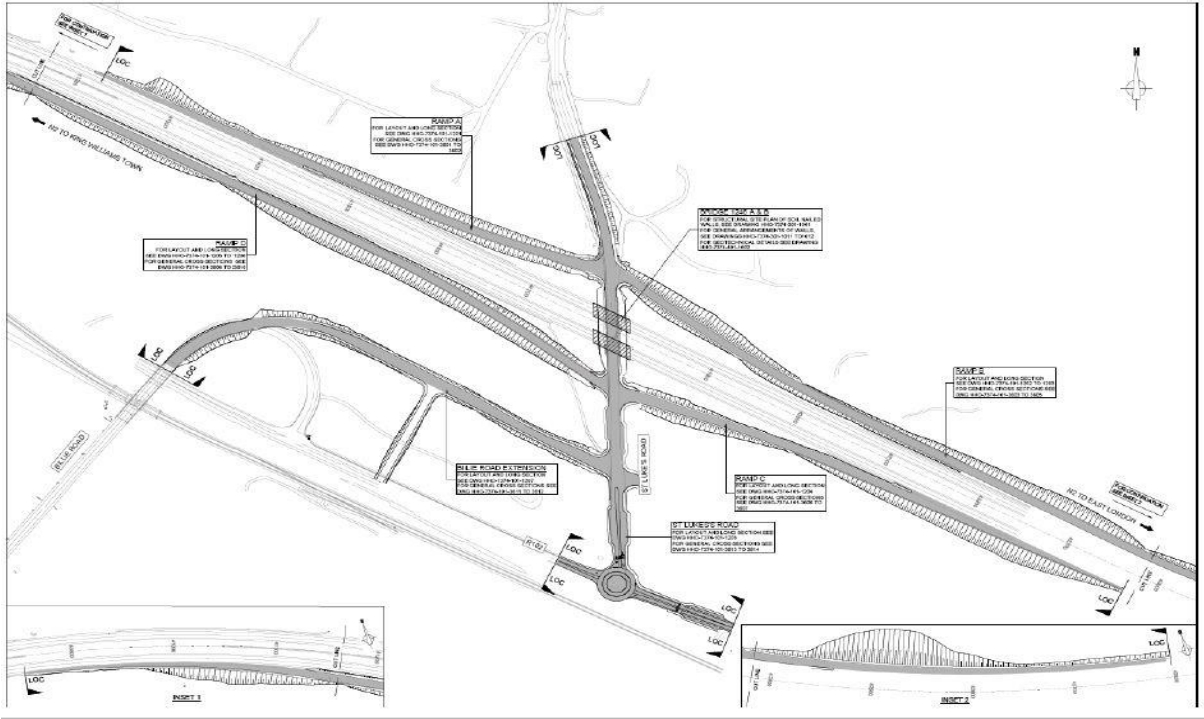
BCMM currently operates a fleet of only 5 municipal buses. The fleet was reduced from thirty-three buses when Council decided that all buses over fifteen years old should be removed from the service. The buses are predominately used by scholars. The demand has reduced due to the costs of the fares being higher than the minibus taxi services. The revenue generated has dropped as buses are only used mostly by scholars.

## **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 being 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.



T 3.8.1

**Table 94: Municipal Bus Service Data**

Municipal Bus Service Data					
Details	Year -1	Year 0		Year 1	
	Actual No.	Estimate No.	Actual No.	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%	25%	
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 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



**Table 94: Transport Services Policy Objectives Taken from IDP**

Transport Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021 / 2022		2022 / 2023			2023/ 2024		
		Target	Actual	Target	Actual		Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
Extensive investment and development of infrastructure networks	Number of pedestrian bridges constructed	3	3	0	0	0	2	2	1
Extensive investment and development of infrastructure networks	Number of speedhumps constructed	46	46	46	60	74	0	0	30
Extensive investment and development of infrastructure networks	Number of Taxi/Bus Embayments Constructed	0	0	2	3	3	0	0	0
Extensive investment and development of infrastructure networks	Number of public transport facilities rehabilitated	0	0	0	1	1	1	1	1
T 3.8.3									

**Table 95: Employees: Transport services**

Employees: Transport Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	7	7	6	1	14,2%
4 – 6	5	5	4	1	20%
7 – 9	13	17	12	5	29,4%
10 – 12	7	8	8	0	0%
13 – 15	2	2	2	0	0%
16 – 18	5	4	3	1	25%
19 – 20	1	1	1	0	0%
<b>Total</b>	<b>40</b>	<b>44</b>	<b>36</b>	<b>8</b>	<b>18,1%</b>

*Totals should equate to those included in the total employee schedule in Chapter 4. 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.*

T3.8.4

**Table 96: Financial performance year 2022/2023: Transport services**

Financial Performance Year 2022/2023: Transport Services					
					R'000
Details	2021/2022	2022/23			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>476</b>	<b>374</b>	<b>374</b>	<b>336</b>	<b>-11%</b>
Expenditure:					
Employees	22 176	23 964	22 045	22 045	-9%
Repairs and Maintenance	4 380	5 404	5 404	4 073	-33%
Other	71 293	51 351	37 950	101 272	49%
<b>Total Operational Expenditure</b>	<b>97 850</b>	<b>80 719</b>	<b>65 399</b>	<b>127 390</b>	<b>37%</b>
<b>Net Operational Expenditure</b>	<b>97 374</b>	<b>80 345</b>	<b>65 025</b>	<b>127 053</b>	<b>37%</b>

*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

Table 97: Capital projects

R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>75 841</b>	<b>70 606</b>	<b>70 271</b>	<b>-8%</b>	
CITY TO SEA BOULEVARD	2 641	–	–	0%	4 701
BRIDGE DESIGNS & IMPLEMENTATION (Coastal)	2 000	95	95	0%	2 589
GUARDRAILS (Coastal)	150	–	–	0%	164
GUARDRAILS (Midland)	200	164	164	0%	164
GUARDRAILS (Inland)	150	–	–	0%	164
SLEEPER SITE ROAD	25 000	34 320	34 320	0%	45 896
GUIDANCE SIGNAGE (Coastal)	150	–	–	0%	261
GUIDANCE SIGNAGE (Inland)	150	261	261	0%	261
SIDEWALKS (Midland)	500	445	445	0%	3 609
SIDEWALKS (Inland)	2 500	2 263	2 263	0%	1 568
TRAFFIC CALMING (Coastal)	500	500	500	0%	2 582
TRAFFIC CALMING (Midland)	1 500	1 258	1 258	0%	2 582
TRAFFIC CALMING (Inland)	1 000	825	825	-21%	2 582
TRAFFIC SIGNALS	3 000	2 999	2 664	-13%	2 664
QUMZA HIGHWAY PHASE 7 – PHASE 1 & 2	6 200	–	–	0%	26 744
QUMZA HIGHWAY PHASE 7 – PHASE 1 & 2	12 000	7 712	7 712	-56%	26 744
QUMZA HIGHWAY PHASE 7 – PHASE 1 & 2		6 374	6 374	100%	26 744
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	7 000	–	–	0%	5 544
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)	9 800	11 675	11 675	16%	26 924
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)		1 000	1 000	100%	1 000
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Midland)	100	–	–	0%	100
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Inland)	100	–	–	0%	94
TAXI/BUS EMBAYMENTS (Coastal)	400	357	357	-12%	1 200
TAXI/BUS EMBAYMENTS (Midland)	400	–	–	0%	470
TAXI/BUS EMBAYMENTS (Inland)	400	358	358	-12%	400
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<b>T 3 8.6</b>

**COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:**

- a) **Construction of Traffic Engineering Safety Measures** programme has resulted in the construction of 32 speed humps and the construction of three taxi / bus embayment. The projects would contribute in reducing the number of accidents that involves vehicle and pedestrians.
- b) Construction of the Sleeper Site Phase 2 project will provide safe access to the King Phalo Airport and also the WestBank Industrial Area.
- c) Construction of the Ebuhlanti Taxi Rank will provide much needed shelter to the Hawkers, Taxi Associations and users of the facility especially during rainy days as the rank will have shelters to cover them.

**T3.8.7**

### **3.9 WASTEWATER (STORMWATER DRAINAGE)**

#### **INTRODUCTION TO STORM WATER DRAINAGE**

Recent heavy rainfall events experienced in December 2021 and January 2022, as well as subsequent persistent rainfall events, have highlighted the importance of maintaining an efficient stormwater drainage system. During these events, a good drainage system ensures the continuity of emergency and essential services.

The damage caused by flooding can be catastrophic, resulting in widespread damage to infrastructure, the loss of essential services such as power, water, and sanitation, and even loss of life. It is crucial that both major and minor stormwater drainage infrastructure receive adequate attention to ensure optimal functionality, even during periods of drought.

Shifting weather patterns have made it challenging to predict future weather events, as historical weather data has become less reliable. This is evident in the notable increase in extreme weather events, such as heavy rainfall and storms. Dry periods can suddenly turn into flooding periods, while seasonal rainy periods can become periods of drought. The flooding in KZN, the drought in Gqeberha, and the flooding in Mdantsane and EL serve as examples of these unpredictable weather patterns.

Serious consideration and attention must be given to the often overlooked service of stormwater drainage.

The stormwater unit falls under the Roads and Stormwater Branch and is responsible for repairing, maintaining, and upgrading all BCMM-owned road stormwater drainage, bridges, culverts, and concrete-lined drains under the municipality's control. The existing infrastructure includes approximately 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 are over 615 km of stormwater pipes and culverts within the Metro, many of which are old, corroded, and in need of replacement. Additional capital funding is required to address the rehabilitation and upgrade of the existing infrastructure.

## **The key service delivery priorities are:**

- **Flood Mitigation**

The current focus for city planning and development is towards densification of cities, aiming to prevent urban sprawl. While this is more desirable from a city planning and service provision perspective, it also has a great negative impact on existing areas that were designed and constructed for a much lower density of development, with large single residential areas, many open spaces, and low-density commercial development.

Greater density means fewer green spaces and less soft landscaping, which aids in slowing the rate of runoff. More hard surfaces means more water runoff. The existing infrastructure was not designed for this increased volume of water, resulting in overflows and flooding.

Increasing the capacity of existing stormwater drainage systems is, in most cases, not feasible due to access issues and the high associated costs. Reconstructing roads and other services, as well as upgrading the stormwater drainage, would be too costly and disruptive to justify. Alternative solutions are available, such as on-site stormwater attenuation through stormwater management systems that are currently in place. Other options include implementing regional attenuation and possible rainwater harvesting, as well as carrying out localised upgrades to existing infrastructure to improve capacity.

Informal areas are particularly vulnerable because all available space is utilised to construct shelters, and in most cases, this includes water courses and low-lying areas that are at very high risk. During heavy rainfall, these areas inevitably flood, posing a danger to the occupants and often leaving the residents homeless. Flash flooding can also occur with sudden and dangerous consequences. These areas are generally prioritised for relocation; however, they are often reoccupied after being cleared.

- **Renewals of existing infrastructure**

An ongoing programme of rehabilitating and reconstructing existing infrastructure is underway in various areas of the city. The focus is on clearing existing stormwater systems, replacing damaged manholes and kerb inlets with the BCMM standard kerb inlets. These new inlets are also fitted with gratings to reduce the ingress of solid waste into the stormwater system. Solid waste is a major cause of blockages in the system, with many areas needing frequent clearing due to the large volume of solid waste that finds its way

into the stormwater system. While the installation of gratings helps reduce pipe blockages, regular clearing of waste and debris is necessary to keep the openings clear.



**Figure 25: Damaged kerb inlets**



(a)



(b)

Figure 26: (a) and (b) new kerb inlets



Figure 27: Waste typically found in stormwater system

- **Rehabilitation and maintenance of bridges and culverts**

Bridge and major culvert renewals are an ongoing programme whereby existing bridges and major culverts are being rehabilitated. This programme is yielding positive results, as there have been notable improvements in the condition of structures throughout the Metro area. These rehabilitation and maintenance works improve the condition of these structures and extend their service life. Typical rehabilitation works include mitigating steel corrosion, repairing concrete, replacing



expansion joints, clearing watercourses, installing parapet handrails, fixing drainage scuppers, and resurfacing. However, there are still many more structures that require attention.

- **Rural road stormwater drainage:**

The Roads and Stormwater Branch provides side drains along rural roads. These drains are created by graders when conducting regravelling and maintenance on rural roads. However, a significant challenge arises from the undulating terrain, as it often leads to blockages in the drains due to silt accumulation. Additionally, the culvert crossings in the valleys frequently become blocked as a result of erosion.

An annual capital budget allocation of R30 million is required to carry out the necessary renewals and upgrades of the existing stormwater drainage infrastructure. This allocation will enhance the city's resilience in dealing with adverse weather conditions, which have become increasingly unpredictable due to climate change.

T 3.9.1

**Table 98: Stormwater measures**

				Kilometres
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2020/2021	618	6	2	215
2021/2022	624	5,5	1	250
2022/2023	627	3,0	2	200
				T 3.9.2

**Table 99: Cost of construction/maintenance**

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
2020/2021	3 650	4 150		2 350
2021/2022	4 088	4 648		2 562
2022/2023	4 333	4 927		2 715
				T 3.9.3

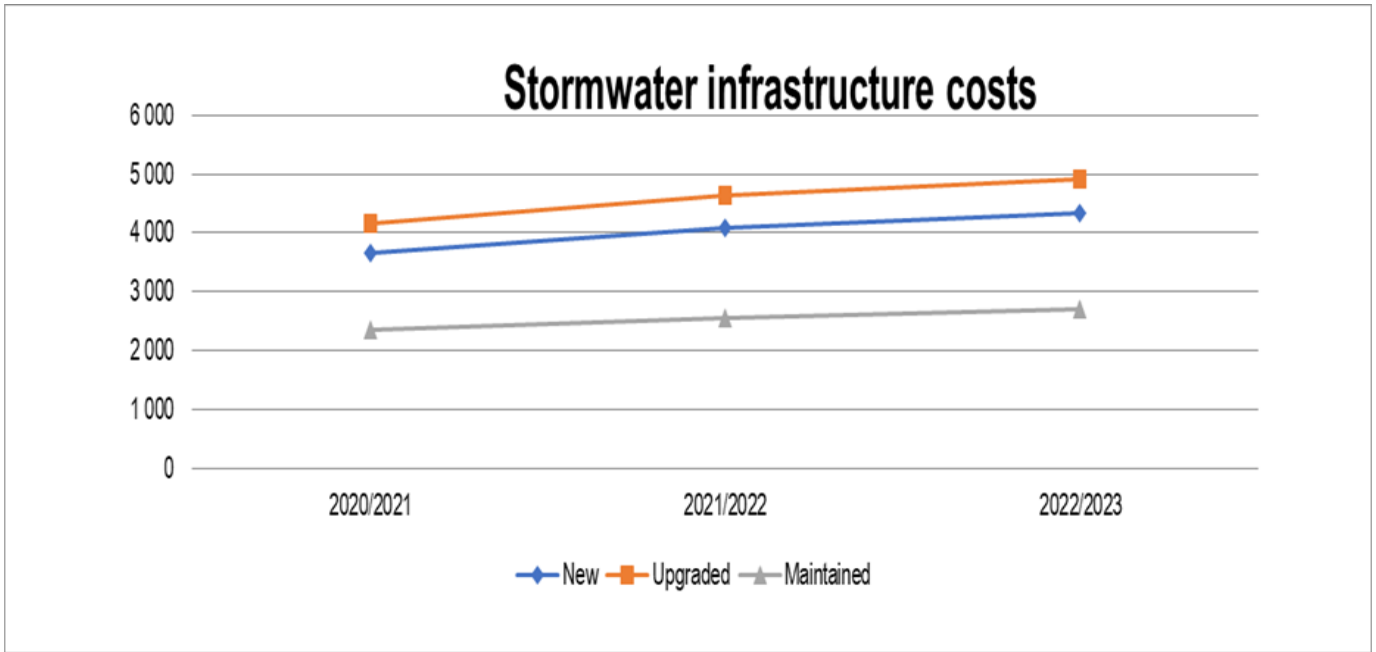


Figure 28: Stormwater infrastructure costs

T 3.9.4

Table 100: Stormwater policy objectives taken from IDP

Stormwater Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/2022		2022/2023			2022/2023	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									
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); x yrs remaining	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining
Number of existing BCMM Bridges rehabilitated	3	2	2	3	3	3	3	3	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 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 3.9.5

**Table 83: Stormwater Policy objectives taken from IDP**

Stormwater Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2021/2022		2022/2023			2022/2023	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)	
<b>Service Objective xxx</b>										
<i>Development of fully integrated stormwater management systems including wetlands and natural water courses</i>	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); x yrs remaining	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining	
Number of existing BCMM Bridges rehabilitated	3	2	2	3	3	3	3	3	3	
										<b>T 3.9.5</b>

**Table 101: Employees: Stormwater services**

Employees: Stormwater Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	6	6	0	0	0%
4 – 6	2	2	2	0	0%
7 – 9	2	2	1	1	50%
10 – 12	0	7	7	0	0%
13 – 15	1	3	2	1	33,3%
16 – 18	1	1	1	0	0%
19 – 20	0	1	1	0	0%
Total	12	16	14	2	12,5%
					T 3.9.6

**Table 102: Financial performance 2022/2023: Stormwater services**

Financial Performance 2022/2023: Stormwater Services					
					R'000
Details	2021/2022	2022/2023			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>2 021</b>	<b>8 353</b>	<b>7 934</b>	<b>6 051</b>	-38%
Expenditure:					
Employees	92 637	101 643	88 043	88 042	-15%
Repairs and Maintenance	114 602	121 259	127 207	124 589	3%
Other	–	–	–	–	0%
<b>Total Operational Expenditure</b>	<b>207 239</b>	<b>222 902</b>	<b>215 250</b>	<b>212 632</b>	-5%
<b>Net Operational Expenditure</b>	<b>205 218</b>	<b>214 549</b>	<b>207 316</b>	<b>206 581</b>	-4%
<i>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.</i>					T 3.9.7

**Table 103: Capital expenditure 2022/2023: Stormwater services**

Capital Expenditure 2022/2023: Stormwater Services					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>4 000 000</b>	<b>3 911 114</b>	<b>3 911 113</b>	<b>-2%</b>	
REHABILITATION OF BCMM BRIDGES AND STORMWATER	4 000 000	3 911 114	3 911 113	-2%	75 042 508
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<b>T 3.9.8</b>

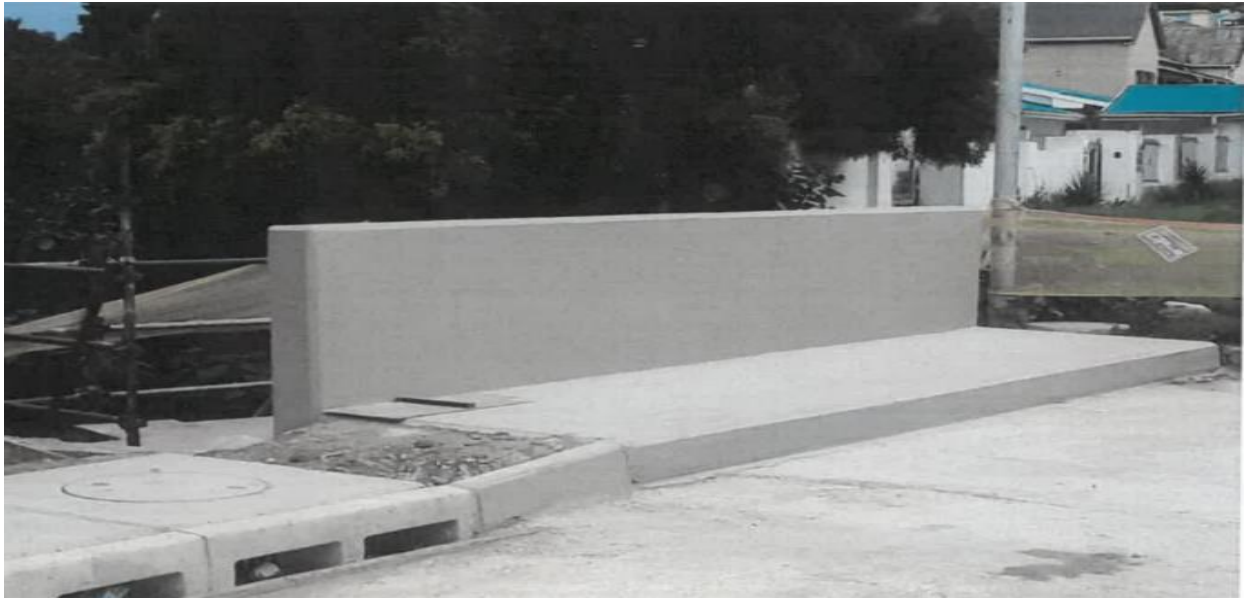
**COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:**

The stormwater branch had an allocated capital budget of R4 000 000 for the 2022/2023 financial year, of which 100% of the budget was utilised on bridges and stormwater rehabilitation projects. Additionally, an operating budget of R9 000 000 was allocated for the maintenance of existing stormwater. This budget was used for clearing and jetting of existing stormwater drainage, as well as repairs.

In the 2022/2023 financial year, the Stormwater Unit successfully completed the rehabilitation and refurbishing of three bridges. These bridges include the Albatross Road Bridge and the Bridge Street bridge, both located in Qonce.

**Pottinger Street Bridge refurbishment (Qonce) – R1 700 000,00**

The bridge in Pottinger Street (in Qonce) crosses over a stream. The previous deck was in a state of disrepair and was considered unsafe. Therefore, it was demolished and replaced with a new deck. The new deck was constructed over the existing abutments, and new parapet walls were built on both sides of the bridge.



**Figure 29: Pottinger Street Bridge refurbishment – new parapet walls**



**Figure 30: Pottinger Street Bridge refurbishment – new deck**

#### **Potsdam Culvert Flood rehabilitation – R 1 600 000.00**

The culvert crossing that was already in place suffered erosion and damage during the flooding in December and January of 2021/2022. The necessary work involved clearing and repairing the existing inlet and outlet structures, as well as addressing the road layer works and surfacing.



**Figure 31: Potsdam Culvert Flood rehabilitation: clearing and repairing the existing inlet and outlet structures**

**Abbotsford Bridge refurbishment – R1 000 000.00**

Safety improvements, including traffic calming measures, resurfacing, and signage, are planned for the Abbotsford Bridge in the 2023/2024 financial year. Additionally, new barriers will be installed.

The ward-based roads and stormwater maintenance programme plays a role in clearing open drains, inlets, and gutters.

Stormwater infrastructure upgrades are also conducted within the framework of road rehabilitation and upgrade projects. Examples of such projects include the Mdantsane Roads Upgrade Clusters, Settlers Way, and Currie Street Upgrade. These initiatives aim to increase the capacity of stormwater drainage systems and renew aging infrastructure.

Currently, there is a significant backlog in the maintenance and upgrade of existing stormwater drainage systems within the city. An annual additional funding of R 30 million is necessary to address this backlog and reduce the need for stormwater upgrades and maintenance. It is crucial to urgently allocate funding to replace, rehabilitate, and upgrade the stormwater network, as it is currently in poor condition and unable to meet modern requirements.

T3.9.9

## COMPONENT C: PLANNING AND DEVELOPMENT

### INTRODUCTION TO PLANNING AND DEVELOPMENT

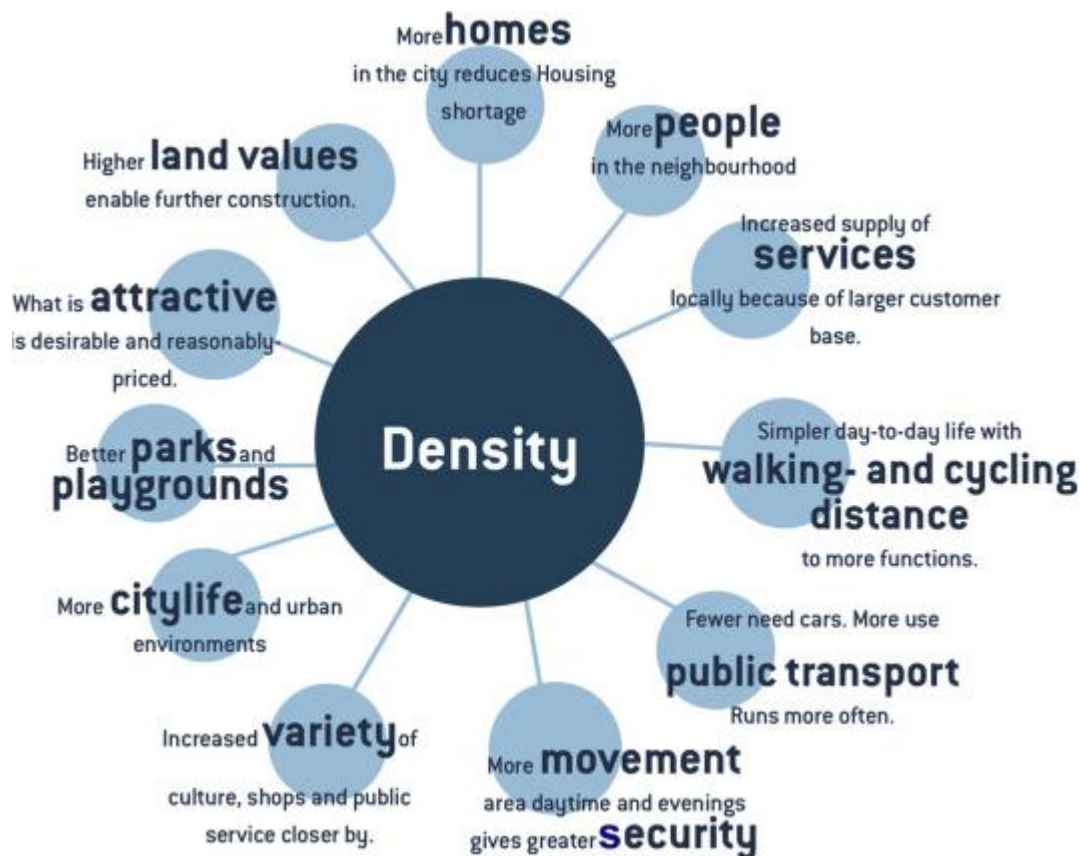
#### Key legislation that guides the planning and development processes in BCMM

##### 1. Integrated Urban Development Framework

The Department of CoGTA developed the Integrated Urban Development Framework (IUDF) in 2016 in response to the post-2015 Sustainable Development Goals (SDGs). The IUDF specifically addresses Goal 11, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable. This framework also builds upon various chapters of the National Development Plan (NDP) and extends Chapter 8, which focuses on transforming human settlements and the national space economy in urban South Africa.

The IUDF highlights several key elements, including the creation of compact cities, the improvement of public transportation, and the development of industries and services aimed at dismantling the effects of apartheid geography. Compact growth not only reduces the costs of providing services and infrastructure but also enhances the feasibility of integrating public transportation and other urban infrastructure.





**Figure 32: Key elements in the concept of a Compact City**

Firmly rooted in the NDP, the IUDF reinforces the idea that South Africa needs to address the partial legacy of apartheid and create more compact and connected cities and towns. The ultimate goal of the IUDF is spatial transformation, which represents a New Deal for South African cities and towns. This involves guiding urban growth towards a sustainable model of compact, connected, and coordinated cities and towns.

The IUDF recognises that urban growth boundaries proposed in municipal SDFs must be maintained. This is to prevent urban sprawl and protect environmentally sensitive land and prime agricultural land for food security. The IUDF also acknowledges that compact urban growth is not solely about containing urban development within a certain boundary or achieving high population densities. Rather, it involves managing urban expansion in a way that promotes efficient spatial development. Therefore, the IUDF promotes high-density mixed-use Transport Oriented Development (TOD), which provides convenient access to local employment and services, reducing transportation costs.

## 2. National Development Plan (NDP)

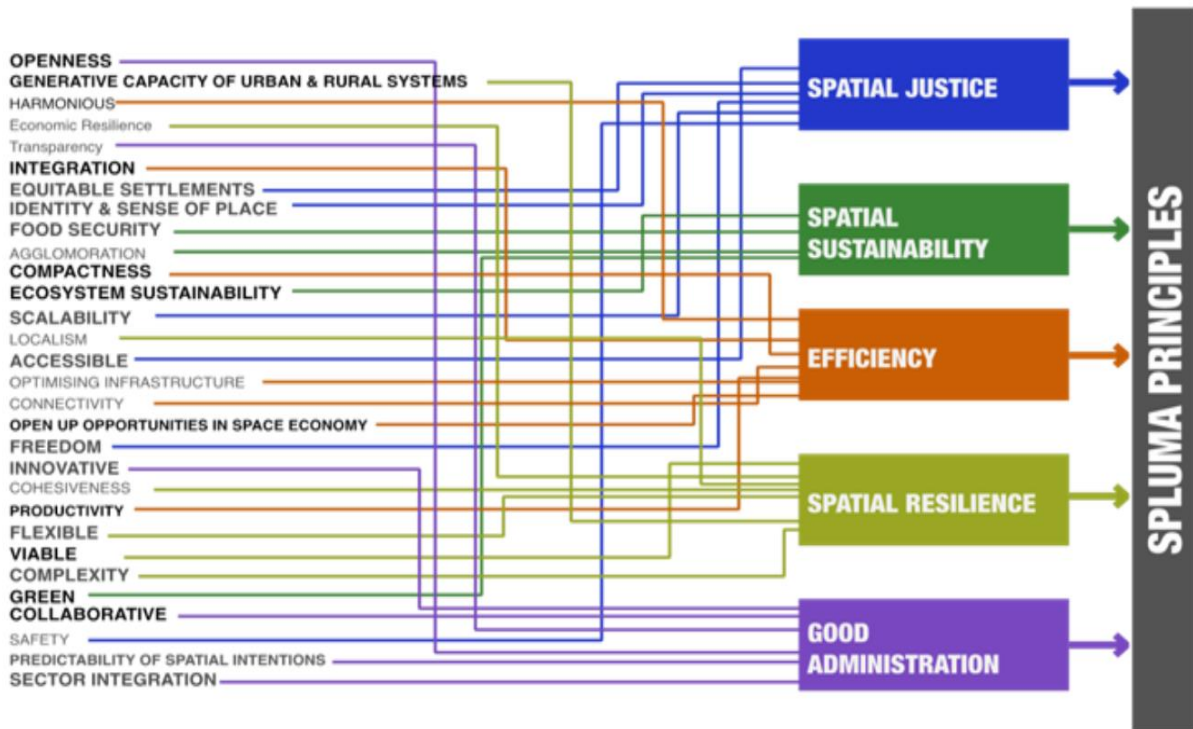
There are five overarching principles for Spatial Transformation that are outlined in Chapter 8 of the NDP. These principles have been incorporated into the Spatial Planning and Land Use Management Act (SPLUMA), No. 16 of 2013, and will be further discussed below.

## 3. Spatial Planning and Land Use Management Act, No. 16 of 2013

Chapter 2, Section 7 of SPLUMA outlines the development principles as follows:

- **Spatial Justice** – This concept focuses on the inclusion and integration of disadvantaged areas.
- **Spatial Sustainability** – It aims to promote land development in locations that are sustainable. This includes limiting urban sprawl, creating viable communities, and considering all current and future costs for all parties involved in providing infrastructure and social services for land developments.
- **Efficiency** – This refers to optimising existing resources and infrastructure, including efficient commuting patterns.
- **Spatial Resilience** – This concept emphasises the flexibility of spatial plans, policies, and land use management systems to ensure sustainable livelihoods in communities that are most likely to suffer the impacts of economic and environmental shocks.
- **Good Administration** – This principle involves the execution of good governance principles in measuring how public affairs are conducted and managing public resources. This applies to the decision-making process as well as the implementation or non-implementation of those decisions.

# Principles of SPLUMA



**Figure 33: SPLUMA development principles (Department of Rural Development and Land Reform [DRDLR], 2015)**

In terms of the BCMM Municipal Planning Tribunal (MPT), the first five-year term for the members serving on the MPT has come to an end. The Council has approved the appointment of new members for a period of five years. The names of the new members to serve on the MPT were gazetted in the Provincial Gazette on 15 May 2023.

All Land Use Applications are currently being processed in accordance with the approved and gazetted BCMM SPLUMA By-Law. This By-Law provides for applications for development on, or changes to, land use of communal land located in the areas of traditional councils. Such developments or changes in land use have a significant impact on the rural community. In the 2022/2023 financial year, a total of 36 reports were considered, with 26 being approved, eight not approved, and two deferred.

## 3.10 PLANNING

### INTRODUCTION TO PLANNING

The BCMM approved the Buffalo City Metropolitan Municipality Spatial Development Framework (SDF) Review in December 2020.

One of the key functions of the Municipal Spatial Development Framework (MSDF) is to provide spatial guidance and coordination for settlement and infrastructure planning and investments in order to facilitate an integrated approach to sustainable development within the Metro.

### MAIN OUTCOME OF MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK

The main goal of the MSDF is to achieve spatial transformation.

#### What is Spatial Transformation?

The National Spatial Transformation Agenda aims to dismantle the spatial planning legacy of apartheid. It is a key government objective to restructure the apartheid city and address the impact that apartheid planning had on communities. To achieve this, a Spatial Transformation Strategy is crucial at the local level.

The Spatial Transformation process utilises a focused **spatial targeting** approach, which forms the core of the Spatial Strategy and Policy outlined in the MSDF document.

**The Spatial Targeting approach**, which aims to identify specific areas within the BCMM that can have the greatest impact on restructuring the City effectively, has led to the identification of several Catalytic Programmes centred around key Development Nodes and Development Corridors. These programmes are focused on the **spatial restructuring and transformation process**.

**Spatial Transformation** priorities identified to redress the negative impacts of apartheid city planning include:

- **Consolidation and integration of spatial development in rural and urban centres** by efficiently developing land for sustainable human settlements efficiently in proximity to existing infrastructure.

- Upgrade and redevelopment of all townships into properly integrated human settlements with functioning local economies.
- Fast-tracking the upgrading of informal settlements.
- Establishing linkages to places of employment and fostering connections between communities.
- Promoting urban densification and **intensification** to create an efficient **Compact City**. This includes facilitating **a range of high density/multistorey housing options** and **mixed-use developments within the inner city, key development nodes**, and along **key public transport/development corridors**.
- Diversifying housing options through the devolution of housing functions to local municipalities and the development of a national policy on inclusionary housing.
- **In rural areas**, implementing the **Land Reform and Settlement Programme** by identifying **zones of opportunity for integrated development in peri-urban and rural areas**.

#### SDF SPATIAL VISION

*“Re-Shaping Buffalo City: the Metro in 2029”*

*Buffalo City has consolidated its position as a City-in-a-Region; providing a focus for socio-economic development, services and higher order human settlement in the central part of the Eastern Cape Province. The core functional elements of the City are its roles as a hub for an evolving Knowledge Economy and sustainable infrastructure production and innovation; a centre of Industrial development with an innovative and world-class motor industry cluster at its heart; and a city that offers a rich lifestyle experience through the quality of its natural environment, the range of social, cultural and leisure activities offered in the area, and the excellence of its public infrastructure and social institutions.*

**Figure 34: SDF – Strategic focus**

## **SDF STRATEGIC FOCUS**

**The revised BCMM SDF (2020) has a renewed two-pronged strategic focus.**

The first strategic focus is to facilitate Spatial Transformation by promoting the concept of a Compact City and targeting specific strategic areas for investment and development. The main areas of focus for the Spatial Transformation initiatives are:

1. Two Catalytic Development Nodes – East London's CBD and Inner City, along with the Mdantsane Urban Hub.
2. Four Catalytic Development Corridors – MELD Corridor; North West Development Corridor; West Bank Economic Corridor and Logistics Hub; Bhisho-Qonce-Zwelitsha Development Corridor.
3. Six Mass Integrated Human Settlement (MIHS) development areas are strategically located across the City, offering well-placed land for the construction of inclusive mixed-use residential communities on a large scale.
4. Six townships.

The second strategic focus, in coordination with the first strategic focus, is to support economic growth and development. This includes:

1. Repurposing industrial areas to benefit from the Growing Logistics Economy.
2. Supporting the expansion of the knowledge-based economy.
3. Facilitating the immense potential for growth and job creation in the New Digital Economy, which is a result of the technologies of the Fourth Industrial Revolution (4IR).
4. Support Township Economy: Priority should be given to releasing BCMM land for housing and business purposes.

## KEY PROGRAMMES PER SDF SPATIAL FOCUS AREAS

Spatial Focus Areas	Catalytic Programmes/Key Built Environment & Economic Programmes
1. West Bank	West Bank Economic Corridor Catalytic Programme (CP) West Bank Mass Integrated Human Settlement (MIHS)
2. Central East London to Mdantsane	EL CBD and Inner-City Regeneration CP MELD Corridor CP Mdantsane Hub CP NW Corridor CP Duncan Village & Mdantsane Township Regeneration Amalinda Junction MIHS Arnoldton MIHS
3. Bhisho/Qonce/ Dimbaza/ Ntabozuko(Berlin)	Bhisho-Qonce-Zwelitsha Corridor CP Ntabozuko & Dimbaza Industrial nodes Zwelitsha, Illitha, Phakamisa, Dimbaza Township Regeneration Ginsberg Extension MIHS Bhisho Precinct MIHS
4. Gonubie/Quenera	Quenera MIHS
5. Rural	Rural Economy programme Basic service delivery programme
Spatial Focus Area: 1 to 4	Industrial Development Programme focussing on logistics

**Figure 35: Key programmes per SDF spatial focus areas**

## SPATIAL DEVELOPMENT FRAMEWORK MASS INTEGRATED HUMAN SETTLEMENT AREAS

Six mass integrated human settlement areas have been identified in strategic locations to address the housing backlog. The purpose of these areas is to:

1. Accommodate a diverse **range of socio-economic** groups in a variety of housing types within a fully integrated human settlement.
2. The area can be developed at a **high density** and can include various types of housing, such as social housing flats, high-rise RDP housing, gap housing, plots for self-build housing, and managed land settlement.
3. Include **business sites** and **community facilities**.

**Table 104: Six mass integrated human settlements**

6 Mass Integrated Human Settlements	Estimated Residential yield
West Bank	71 340
Quenera	26 595

Arnoldton/Reeston North	25 695
Ginsberg Extension	14 910
Bhisho Precinct	61 44
Amalinda Junction	6 009
<b>TOTAL</b>	<b>150 693</b>

## **SPATIAL DEVELOPMENT FRAMEWORK RURAL DEVELOPMENT PROGRAMME**

Strengthen Rural **Nodes** that will cater for the following essential services:

1. Retail
2. Social
3. Medical
4. Mobile Government Services, such as SASSA, Home Affairs, etc.
5. Transport interchange

### **Facilitate Agriculture Development:**

1. **Assist** residents in creating sustainability for themselves and by themselves.
2. Continuing with the Rural Housing programme
3. Implementing a Rural Economy programme
4. Focusing on **Agro processing**
5. Promoting tourism
6. Conservation



## **SPATIAL DEVELOPMENT FRAMEWORK INDUSTRIAL REVITALISATION PROGRAMME**

**A key element of the programme is the repurposing of the following industrial areas:**

**1. West Bank Smart Logistics and Automotive Hub:**

- a. Port/Airport/MBSA/IDZ;
- b. Airport logistics areas;
- c. Collondale – Gradual conversion to logistics to support the airport;
- d. Logistics area – Relocation of Orange Grove.

**2. Wilsonia:**

- a. Repurpose for logistics;
- b. Benefiting from the bridge over Buffalo River.

**3. Fort Jackson:**

- a. SMME Hub;
- b. Repurpose for logistics.

**4. Mdantsane Industrial Park adjacent to Mount Ruth Node:**

- a. Logistics focus.

**5. Dimbaza industrial area:**

- a. Responding to the needs of the rural hinterland;
- b. Agro-processing – perishables: flowers, fruit;
- c. Food Security for BCMM;
- d. Linkage to Bulembu Airport as a logistics hub for export of food and high-end agro products;
- e. Need to look at surrounding municipalities funnelling agricultural products to Dimbaza for processing and/or export;
- f. Spatial implications;
- g. Needs housing, businesses, etc;
- h. Encourage higher order facilities to support the residents.

**6. Ntabazuko Green Energy Hub:**

- a. Solar farm
- b. Manufacturing of Green tech

### **Service Delivery Priorities**

- a) Implementation of SPLUMA and the SPLUM By-law
- b) Upgrading of informal settlements
- c) Formulation of local SDFs

### **SPATIAL DEVELOPMENT PLANNING OUTPUTS**

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

#### **FORWARD/SPATIAL PLANNING**

**Amalinda Cambridge Local Spatial Development Framework (LSDF):** The Amalinda Cambridge LSDF has been initiated and is scheduled to be completed in the 2023/2024 financial year.

#### **SETTLEMENT PLANNING**

Settlement Planning projects are carried out in response to the need for adequate housing and to grant land tenure rights to beneficiaries. The following Settlement Planning projects for the Establishment of Townships and Feasibility Studies were undertaken during the 2022/2023 financial year.

#### **Township Establishment**

BCMM finalised several township establishments in the 2022/2023 financial year. The approved settlements are as follows:

- Z Soga Overspill – Approved by BCMM Municipal Tribunal on 14 November 2022.
- Gwentsche – Approved by BCMM Municipal Tribunal on 12 December 2022.
- Ekuphumleni – Approved by BCMM Municipal Tribunal on 14 November 2022.
- Xhwithinja – Not yet finalised due to land ownership issues outside the control of BCMM.
- Potsdam Unit V North and South – Not yet finalised due to an outstanding conveyancer's certificate.
- Smiling Valley Township Establishment – Not yet finalised as land acquisition processes are still ongoing.

- Tyutyu Township Establishment – A service provider was appointed in March 2023 and has already begun their work. Phases 1 (Inception Report) and 2 (Formulation of a Development Perspective) of the project have been successfully completed. Currently, the service provider is engaged in Phase 3 (Formulation of a Concept Plan, Draft Layout Plan, and Draft Report) of the project.
- Nompumelelo and Sonwabiso Township Establishment projects are still in the procurement stage with SCM.

### **Feasibility Study**

The Township Establishment process is preceded by a feasibility study to determine if the area in question is suitable and feasible for subsidised housing development. In the 2022/2023 financial year, the Spatial Planning and Development Directorate has completed the following four Feasibility Studies:

**Table 105: Completed feasibility studies**

<b>Feasibility Studies</b>			
	<b>Name of Informal Settlement</b>	<b>Ward No.</b>	<b>Date of Approval/Status</b>
1.	Quenera Feasibility Study	28	Approved by Council on 27 July 2022
2.	Mtsofso Station/ Silvertown Feasibility Study	11 & 13	Approved by Council on 27 July 2022
3.	Msobomvu Feasibility Study	26	Approved by Council on 27 July 2022
4.	Cuba & Eluxolweni Feasibility Study	17 & 30	Approved by Council on 27 July 2022

The Directorate of Spatial Planning and Development has appointed service providers to conduct a feasibility study for the Cambridge Location Informal Settlement. The Inception phase and the formulation of the development perspective have already been completed, and the draft Feasibility Study report has been submitted for comments.

**T 3.10.1**

### **LAND USE PLANNING APPLICATIONS**

SPLUMA requires the BCMM to have a By-law and a Zoning Scheme that clearly defines the permissible use of specific properties. These regulations also outline the restrictions on land use that apply to each property in the municipality, as determined by the relevant Zoning Scheme Regulations.

If a property owner wishes to change the land use or modify the applicable land use restrictions on their property, they must submit a Land Use application to the City Planning Division in accordance with the provisions of the SPLUMA By-law and the Buffalo City Zoning Scheme. These applications may involve Rezoning, Subdivision, Special Consent, Consolidation, or Departures (which can be either permanent or temporary).

Land Use applications are processed in accordance with the procedures outlined in the SPLUMA By-law and the Buffalo City Zoning Scheme. It is important to note that SPLUMA is now the sole legislation in place for approving planning applications. All other planning legislation and regulations have been repealed by the Provincial Government.

During the 2022/23 financial year, the BCMM received a total of 549 planning applications, as follows:

**Table 106: Planning applications received by BCMM during the 2022/23 financial year**

Land Use Application Types	Total Number of Applications Received
Subdivision	29
Rezoning	48
Removal of Restrictions	79
Consent Use	18
Permanent Departure (Building Lines)	301
Temporary Departure	74

## LAND USE MANAGEMENT (LUM)

**Table 107: Applications for land use development**

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2021/2022	2022/2023	2021/2022	2022/2023	2020/2021	2021/2022
Planning application received	9	7	56	50		
Determination made in year of receipt	1	3	15	8		

Determination made in following year	2	4	0	0		
Applications withdrawn	0	0	3	1		
Applications outstanding at year end	6	4	38	41		
<i>T 3.10.2</i>						

**Table 108: Planning policy objectives taken from IDP**

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/22		2022/23			2023/24	2024/25	
		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)
<b>Service Objective</b>									
<b>Determine planning application within reasonable timescale</b>	Average number of days taken to process building plan applications for approval (plans below 500 square metres)	28 days	122.34	28 days	30 days	128,11 days	30 days	30 days	30 days
	Average number of days taken to process building plan applications for approval (plans above 500 square metres)	58 Days	177,55 Days	58 Days	60 Days	140,36 Days	60 Days	60 Days	60 Days
<p><i>*The target in terms of the National Building Regulations is 30 (for Building Plans less than 500m<sup>2</sup>) and 60 days (for those greater than 500m<sup>2</sup>) and the targets have been revised as such.</i></p>									T 3.10.3

**Table109: Employees: Planning services**

<b>Employees: Planning Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	11	11	8	4	36,3%
4 – 6	20	33	20	13	39,3%
7 – 9	20	21	20	1	4,7%
10 – 12	49	59	52	7	11,8%
13 – 15	17	20	18	2	10%
16 – 18	2	4	3	1	25%
19 – 20	3	3	3	0	0%
<b>Total</b>	<b>122</b>	<b>151</b>	<b>124</b>	<b>27</b>	<b>17,8%</b>

*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 3.10.4

**Table 110: Financial performance 2022/2023: Planning services**

<b>Financial Performance 2022/2023: Planning Services</b>					
					<b>R'000</b>
<b>Details</b>	<b>2021/2022</b>	<b>2022/2023</b>			<b>Variance to Budget</b>
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	
<b>Total Operational Revenue</b>	<b>952</b>	<b>22 366</b>	<b>22 216</b>	<b>13 051</b>	<b>-71%</b>
Expenditure:					
Employees	58 711	63 877	61 470	61 470	-4%
Repairs and Maintenance	56	421	1 367	252	-67%
Other	27 635	24 091	9 277	33 351	28%
<b>Total Operational Expenditure</b>	<b>86 402</b>	<b>88 388</b>	<b>72 114</b>	<b>95 074</b>	<b>7%</b>
<b>Net Operational Expenditure</b>	<b>85 450</b>	<b>66 023</b>	<b>49 898</b>	<b>82 023</b>	<b>20%</b>

*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

**Table 111: Capital expenditure 2022/2023: Planning services**

<b>Capital Expenditure 2022/2023: Planning Services</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>7 000</b>	<b>2 197</b>	<b>1 354</b>	<b>-417%</b>	
AERIAL PHOTOGRAPHY AND MAPPING	2 000	–	–	0%	2 000
UPGRADING OF QONCE PAYMENTS HALL	3 000	–	–	0%	1 299
UPGRADING OF QONCE PAYMENTS HALL c/o	–	1 995	1 354	100%	1 359
ARCHITECTURAL SOFTWARE c/o	–	200	–	0%	282
SCM INVENTORY WAREHOUSING AND FENCING c/o	–	2	–	0%	(0)
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	2 000	–	–	0%	3 270
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.)</i>					<i>T 3.10.6</i>



## **COMMENT ON PERFORMANCE OF PHYSICAL PLANNING OVERALL:**

### **ARCHITECTURAL SERVICES**

The Architectural Services Section is a service unit within the Department of Development Planning, which operates under the Directorate of Spatial Planning and Development.

The Section's scope of service encompasses the provision of professional architectural services, as well as the facilitation and implementation of capital building projects on behalf of other Directorates within the Municipality. These services are an integral part of the value chain aimed at achieving the service delivery goals and IDP objectives of the 'project owner' Directorates within the BCMM.

In the 2022/23 financial year, the Section undertook various architectural designs, specifications, procurement, and construction processes for the following multi-year projects:

- Mdantsane Customer Care Centre (Budget R 35 000 000)
- Mdantsane Arts Centre (Budget R 11 000 000)
- Berlin Fire Station (Budget R 14 000 000)
- QONCE Payments Hall (Budget R5 000 000)
- Mdantsane Health Services Offices (Budget R2 100 000)
- Gonubie Swimming Pool (Budget R1 500 000)

### **GEOMATICS**

The Geomatics Division operates as a service unit within the Department of Development Planning, which is part of the Directorate of Spatial Planning and Development. Although it falls under this department, its services also extend to other Directorates in the institution. These services are integrated into the value chain with the aim of achieving the service delivery goals of the BCMM.

All survey work and practices are guided and regulated by the Land Survey Act, No. 8 of 1997, and its associated regulations. This Act is used in conjunction with the Sectional Titles Act, No. 95 of 1986, for all sectional schemes within the BCMM.

The Geomatics Division is responsible for providing comprehensive spatial services, involving the creation, dissemination, and maintenance of spatial data. This data is seamlessly integrated into a unified Geographic Information System (GIS) map, meticulously overseen by the City. A crucial facet

of this responsibility includes the collection of accurate, reliable, and up-to-date Cadastral and Sectional Titles information, sourced from the Surveyor-General's office, which serves as the custodian.

Alternatively, the Geomatics Division also gathers spatial information through in-house projects. These projects involve creating new land parcels through subdivisions or road closures, either for the establishment of new townships or individual properties, to ensure secure tenure. Additionally, the Geomatics Division carries out accurate topographical surveys. These surveys inform the planning of township layouts and engineering designs for infrastructure. In the 2022/2023 financial year, the Geomatics Division successfully executed various Cadastral and Topographical projects. Notably, a General Plan was developed for Township Establishment, comprising 53 erven, with the objective of granting registered freehold titles to beneficiaries. Additionally, three Topographical surveys were concluded:

**1) Cadastral Survey to obtain a General Plan from an Approved Layout for the Z Soga overspill.**

- a) The Z Soga overspill on Erf 3913 Mdantsane Unit 6 is a development undertaken in accordance with the City's requirements for Township Establishment in the area.
- b) The MPT granted approval for the township establishment on 7 February 2023.
- c) The Cadastral Survey was successfully completed and accepted by the office of the Surveyor-General, leading to the approval of General Plans on 21 July 2023. The Municipality has received the registration copies for initiating a Township Register.
- d) The Township Establishment process is set to create **52 residential erven**.

**2) Tyutyu Informal Settlement Topographical Survey of Erven 1071 and the Remainder of Erf 1995 both in Qonce.**

- a) The Topographical survey for the Tyutyu Informal Settlement encompasses an area of approximately 81.8612 hectares and is situated within Ward 43 of the BCMM region. Tyutyu is positioned approximately 8 km north of Qonce and about 62 km northwest of East London. The study area is demarcated by Tyutyu Village to the north, the Yellowwoods to the east, and open space to the south and west.
- b) This project was initiated based on recommendations from a completed feasibility study, which revealed that the area is already developed with structures and some services.
- c) The survey has been completed, and a Digital Terrain Model (DTM) plan or contours accurately depict the terrain, permanent structures, and services.

- d) The DTM will facilitate further engineering designs and layout planning, leading to the establishment of the township.

### **3) Cambridge Village Informal Settlement Topographical Survey of Various Erven in the Cambridge Location.**

- a) The Cambridge Village Informal Settlement Topographical Survey covers an area of approximately **57.5 hectares**. It is located within Ward 4 of the BCMM area, directly north of the N2 national road in the suburb of Cambridge. This informal settlement surrounds the Cambridge Village settlement and is bounded by the Cambridge suburb to the south.
- b) This project was undertaken to conduct a feasibility study for the Cambridge Location area.
- c) The survey has been completed, and a DTM plan has been produced. This plan accurately depicts the terrain, as well as all permanent structures, roads, street furniture, and other services.
- d) The DTM will facilitate further engineering designs and layout planning, ultimately leading to the establishment of the township.

### **4) Ekuphumleni Informal Settlement Topographical Survey over the Remainder of Farm 1404 EL (Mdantsane Unit 2).**

- a) The Ekuphumleni Informal Settlement Topographical Survey covers an approximate area of **5.95 hectares** and is located in Ward 42 of the BCMM area. This settlement is situated on the outskirts of Mdantsane Unit 2 and can be accessed via Baartman Street, which connects to Saule Drive.
- b) The purpose of this project is to support engineering designs and provide information for planning. It aims to create a layout plan for approval processes.
- c) The survey has been completed, and a DTM plan has been produced. This plan accurately depicts the terrain, as well as all permanent structures, roads, street furniture, and other services.
- d) The DTM has enabled further engineering designs and facilitated the planning process for layout planning and eventually the establishment of the township.

**T3.10.7**

### **3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

#### **INTRODUCTION TO ECONOMIC DEVELOPMENT**

The Directorate of Economic Development and Agencies is constituted by the following:

- Department of Trade, Industry and Sector Development,
- Department of Tourism, Arts, Culture and Heritage,
- Fresh Produce Market (referred to as the 'Market'), and
- The newly approved Department of Agriculture and Rural Development.

All these Departments have different responsibilities, but their overarching objective is to contribute to the growth of the local economy, job creation, and poverty reduction.

Economic development is a shared responsibility among all three levels of government. The National Government is responsible for driving the national agenda, including the development of national policies and regulations. The Provincial Government focuses on the provincial agenda, while the local government focuses on implementing national policies and developing local strategies.

As stated in the South African Constitution, the role of government is to create a favourable environment for businesses in the private sector to operate. This includes not only creating conducive policies, but also developing appropriate economic infrastructure, ensuring the availability of relevant and sufficient skills, user-friendly systems, and efficient processes, among other factors.

#### **Tourism Performance – A South African Perspective**

After a sharp decline in tourist arrivals in 2020 and 2021, the number of tourists visiting South Africa is now showing signs of improvement. According to the Tourism 2022 report released by StatsSA, there was a 72,6% drop in tourist arrivals from 10 228 593 in 2019 to 2 802 320 in 2020. Additionally, there was a 19.5% decrease between 2020 and 2021. However, there has been a significant increase in tourist arrivals of 152,6%, from 2 255 699 in 2021 to 5 698 062 in 2022. Although there has been a gradual improvement from January to December 2022, the number of tourist arrivals is still 44,3% lower than the pre-pandemic year of 2019.

## **BUFFALO CITY FRESH PRODUCE MARKET (BCFPM)**

The BCFPM is one of eighteen National Fresh Produce Markets in South Africa. It was established to ensure food security for the residents of the BCMM and its neighbouring areas. The BCFPM operates as a department under the Directorate of Economic Development and Agencies. It was founded in 1873 and began recording sales on 30 September of that year. Since 23 September 1978, the BCFPM has been located in the industrial area of Wilsonia in East London. In its first year of operation at this location, the market achieved a turnover of approximately R4 million. The BCFPM conducts business with farmers and businesses of all sizes, genders, and races. Suppliers deliver their produce to appointed market agencies, which operate private businesses in allocated spaces at the BCFMP.

The BCFMP receives a 5% commission from farmers on sales. Other sources of income include rental fees for office space, cold storage, and other storage spaces. The Market Administration currently consists of a total of 47 positions, 37 of which are currently filled. The market accommodates four market agents and their employees, three wholesalers and their employees, and three new tenants.

## **AGRICULTURE AND RURAL DEVELOPMENT**

BCMM has numerous rural wards characterised by high poverty levels, unemployment, and inequality. Many of these rural communities are migrating to urban areas in search of better living opportunities. The number of these rural wards in BCMM continues to increase due to the ward demarcation process conducted by the Demarcation Board of South Africa. BCMM has decided to prioritise agriculture and rural development as a means to address the aforementioned issues through the planning and implementation of various programmes. In the 2022/23 financial year, BCMM implemented the following programmes and projects: PEP (Urban Food Systems), Food Security Programme, Agri-village, Mbekweni Hydroponics, and Fencing of Arable Land.

## **ENTERPRISE DEVELOPMENT UNIT ANNUAL REPORT**

The SMMEs have been an integral part of South Africa's economic development policy since democratisation. Like many other developing countries, SMMEs are seen as the engines of growth and the sector that will provide the most job opportunities.

To realise the above, the Enterprise Development Unit has implemented numerous programmes to empower SMMEs and cooperatives within the BCMM. These enterprises contribute significantly to the Metro's economy and play a vital role in reducing unemployment, alleviating poverty, and creating wealth and generating income in communities.

However, the COVID-19 pandemic has put tremendous pressure on SMMEs and, as a result, many businesses remain closed or have not fully recovered despite government support. To aid in supporting SMMEs, the National Government is working in partnership with the SA SME Fund to establish a R10 billion fund for SMME growth, with R2,5 billion from the government and R7,5 billion from the private sector.

The Unit has provided capacity building and training, information sharing, roadshows, and machinery and equipment support to SMMEs and cooperatives, as well as the provision of informal trade infrastructure. The informal trade sector has long operated under unfavourable conditions, which is why the programme to provide informal trade hawker stalls in the form of containers has been crucial. This programme brings dignity back to women and men who play a critical role in providing food and creating temporary jobs for communities.

The Unit operates three Business Support Centres in the Coastal (Duncan Village), Midland, and Inland regions, which provide support to SMMEs, cooperatives, and the informal trade sector. These centres offer walk-in support for business registration, information dissemination, business advice, and more.

## **TRADE AND INVESTMENT PROMOTION**

The mission of the National Exporter Development Programme is to develop a pool of export-ready companies, ensure that exports grow, develop new markets and export products, and ensure effective resources are available for exporter development. The National Export Strategy aims to increase South Africa's capacity for exporting diversified and value-added goods and services to various global markets. It also aims to strengthen the country's export performance by improving the trade and business environment, as well as the competitiveness of companies and sectors.

The City has been providing export development support through the Export Help Desk, which is housed at the Eastern Cape Development Corporation (ECDC). It has been a strategic decision

for the City to partner with the ECDC in driving the programme, as the organisation is responsible for promoting trade and investment for the province.

The Exporter Development Programme is implemented by the Buffalo City Export Helpdesk, with the aim of providing potential, emerging, and seasoned exporters with the basics of how to prepare and research the potential export market. The programme aims to develop and generate export-ready small enterprises in the long run that are globally competitive and can expand their markets both locally and internationally.

The Buffalo City Export Helpdesk, in partnership with the ECDC and Nelson Mandela Bay Metro, hosted the 4th chapter of the Eastern Export Symposium and Exhibition. Under the theme 'International Trade – a Lever for Economic Recovery', the symposium aimed to achieve the following objectives:

- Aid EC companies in restoring their export capacity post-pandemic.
- Exploit opportunities in Africa and foster regional integration.
- Collect, share, and leverage local resources to stimulate exports.
- Showcase export ready SMMEs in the EC on a global and national scale.

**T 3.11.1**

**Table 84: Economic activity by sector**

<b>Economic activity by Sector (000)</b>			
<b>Sector</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
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
<b>Total</b>	<b>217</b>	<b>226,5</b>	<b>236,5</b>
			<b>T 3.11.2</b>

**Table 112: Economic employment by sector**

<b>Economic Employment by Sector</b>			
<b>Sector</b>	<b>Jobs</b>		
	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Agric, forestry and fishing	25 000	30 000	89 000
Mining and quarrying	435 000	372 000	436 000
Manufacturing	300 000	270 000	167 000
Wholesale and retail trade	200 000	210 000	309 000
Finance, property, etc.	255 000	235 000	146 000
Govt, community and social services	310 000	320 000	373 000
Infrastructure services	430 000	450 000	294 000
<b>Total</b>	<b>1 955 000</b>	<b>1 887 000</b>	<b>1 814 000</b>
			T 3.11.3

**COMMENT ON LOCAL JOB OPPORTUNITIES:**

Despite the ongoing challenges, such as persistent power cuts that have hindered economic growth, the Russia-Ukraine conflict, the global economic slowdown caused by the COVID-19 pandemic, and high interest rates in the country, the economy managed to add some jobs in the 2022/23 financial year.

Government and community services, as well as the wholesale and retail sectors, showed an upward trajectory. While this high dependency on the public sector is worrisome, it does provide some relief in terms of disposable income for families who are otherwise destitute. Some of the public employment opportunities are also not permanent, but they have an invaluable contribution to boosting the local economy.

The underperformance of the manufacturing sector in BCM is worrisome, given its potential for significant spin-offs and other value chain benefits. There is a need for additional support and stimulus to invigorate industrial activities in BCM. This includes supporting existing industries, attracting new ones, and encouraging innovation from higher learning institutions to facilitate the transformation of ideas into viable businesses.

Unlike the period during the COVID-19 pandemic, fewer companies closed their operations, indicating some form of economic recovery. It could be argued that without the challenges of load shedding and supply chain disruptions linked to the Russia-Ukraine conflict, the local economy could have performed better.



In the second quarter of 2023, business confidence in the wholesale sector in South Africa advanced to 38 index points, up from the 32 index points recorded in the first quarter of the same year. This positive shift indicates a notable level of optimism among wholesale businesses, despite the adverse effects of the ongoing load shedding experienced in the country. Real gross domestic product (GDP) growth in the EC was mostly driven by the primary and secondary sectors, supported by growth in agriculture, forestry, fisheries, manufacturing, and the tertiary sector, supported by growth in finance, real estate, business services, community, social, and other personal services, as well as general government services.

Although there are some investments in infrastructure projects in the BCM, the construction sector remains severely under pressure, resulting in fewer job opportunities.

BCM has attracted a capital investment totalling US\$ 178,30 million, resulting in the creation of 57 jobs through two significant investments. Nestle South Africa, a food specialist, has augmented its operations in EL by incorporating solar capacity, with a total investment of US\$ 173,60 million and the generation of 21 job opportunities in the Metro during the fourth quarter of 2022. Liquid Intelligent Technologies, a telecommunications service, has inaugurated new offices in East London, contributing US\$ 4,70 million in investment and generating 36 job opportunities in the second quarter of 2023.

### **PUBLIC EMPLOYMENT PROGRAMME (PEP)**

The Directorate of Economic Development and Agencies is spearheading the implementation of the PEP through Urban Food Systems. The primary objective of this programme is to enhance food security and nutrition in the Metro by emphasising the development of food gardens. Simultaneously, the programme aims to impart valuable skills and make a meaningful contribution to economic recovery. Ruliv, a non-profit organisation, has been appointed to oversee the effective implementation of the programme. The Directorate specifically identified and enlisted 300 participants from diverse agricultural projects across the Metro. These individuals are under contract for a duration of six months. The approved budget for the 2022/2023 financial year for the programme's implementation is R5 909 286. The participants have received training in organic farming.

The selected participants have undergone an induction process to ensure they are fully aware of the programme. Training sites have been identified, and training has already taken place. Field

training started in the Inland region of the BCMM from 12 to 24 June 2023, followed by the Coastal region. The training covers various topics, including site selection, land preparation, organic pest and insect control, weeding, basic finances for farmers, and harvesting and storage of vegetables.

To ensure sustainability and continuity, the participants will be linked with the Enterprise Development Unit for training in cooperative governance and access to the BCFPM.

### **Benefits Received as a Result of Kiwane Resort Race**

- a) Creation of a day income for 10 people from the community of Tyolomnqa.

### **Benefits of Buffalo Regatta 2023**

- The following are the benefits that were received as a result of hosting the event.
  - a) Fifteen (15) direct jobs were created over three days.
  - b) Fifteen (15) vendors had the opportunity to provide services during the event.

### **Benefits of 2023 Umtiza Arts Festival**

The following are the benefits that were received through this collaboration.

- a) Thirty (30) performing artist groups benefited sixty-five (65) individuals who earned income from the event.
- b) Local service providers had the opportunity to provide the necessary services to stage the event, such as ablution facilities and infrastructure.
- c) Local artists exhibited their artwork at the event venues, including the Ann Bryant Art Gallery, Museum, and Guild Theatre.
- d) The event promoted social cohesion as it was organised and attended by people of different races, backgrounds, and ages.
- e) Local artists had the opportunity for live interviews on Umhlobo Wenene.
- f) Local accommodation establishments had a high occupancy rate for the week.

### **Supply of craft material**

Nombasa Crafts from Ntabozuko (Berlin) is a local craft business that specialises in creating and selling traditional attire and accessories. Support was provided to Nombasa Crafts through the purchase of crafting materials, such as buttons and clothing materials. These materials are used by local crafters to produce traditional clothing.

### **Printing of books of local writers**

Two local writers have received support for the printing of their books. The details are as follows:

- a) Mboniseli Mkhonwana, a local author, requested the printing of his book titled *The Mind of a Lion and The Heart of a Polar Bear*. A total of 400 copies have been printed. This will provide an opportunity for the author to access both the local and national markets.
- b) Tamara Jonathan requested the printing of her book titled *Good Lord, I am!* A total of 50 copies have been printed. This will also give the author an opportunity to reach both the local and national markets.

T3.11.4

**Table 113: Jobs created during 2022/2023 by LED initiatives**

<b>Jobs Created during 2020/2021 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Total (all initiatives)				
2018/2019	1 331	None	1 331	List with names and ID numbers
2019/2020	1 166	None	1 166	List with names and ID numbers
2020/2021	354	46	354	List with names and ID numbers
2021/2022	857	None	857	List with names and ID numbers
2022/2023	741	None	741	List with names and ID numbers
				<b>T 3.11.5</b>

**Table 114: Jobs created during 2022/2023 by LED initiatives**

<b>Jobs Created during 2022/2023 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Total (all initiatives)				
2018/2019	1 331	None	1 331	List with names and ID numbers
2019/2020	11 66	None	11 66	List with names and ID numbers
2020/2021	354	46	354	List with names and ID numbers
2021/2022	857	None	857	List with names and ID numbers
2022/2023	741	None	741	List with names and ID numbers
				<b>T 3.11.6</b>

**Table 115: Service objectives, indicators, and targets**

Service Objectives	Outline Service Targets	2020/2021		2021/2022		2022/23	
		Target	Actual	Target	Actual	Target	Actual
Service Indicators							
(i)	(ii)	(v)	(iii)	(iv)	(v)	(vi)	(vii)
<b>Number of interventions to support SMMEs and Cooperatives</b>	SMME capacity building	3 x Groups of cooperatives/ SMMEs	3 Achieved (Teen Entrepreneur programme, Training, and Procurement of equipment and machinery for SMMEs and Cooperatives)	5 (Provision of machinery and equipment, Access to Markets, SMME Roadshows, Capacity building programme, Incubation programme)	5 (Provision of machinery and equipment, Access to Markets, SMME roadshows, Capacity building programme, Incubation programme)	5 (Provision of machinery and equipment, Access to Markets, SMME Roadshows, Capacity building programme, Incubation programme)	4 (Access to Markets, SMME Roadshows, Capacity building programme, Incubation programme)
<b>Number of infrastructure projects for informal traders implemented</b>	Informal trader (hawker stalls)	2 x Hawker stalls – Scenery Park and Mdantsane	1 x Hawker stall – Scenery Park	2 x Hawker stalls Duncan Village and Nompumelelo	1 x Hawker stall – Nompumelelo	3 (Duncan Village, Ndevana, Ilitha Hawker stalls)	3 (Duncan Village, Ndevana and Ilitha Hawker Stalls)
<b>Number of Arts, Culture and Heritage projects implemented</b>		3 (Fencing of World War 1 Heritage Site, Cattle Killing Site Upgrade, Fencing of Settlers Way Cemetery)	1	9 (Restoration of Bishop Desmond Tutu, Mdantsane Art Centre Extension and Upgrading approved)	9 (Restoration of Bishop Desmond Tutu, Mdantsane Art Centre Extension and Upgrading approved)	8 (Appointment of service providers for the construction of Mdantsane Art Centre Extension and Upgrading phase 1, 4 x	6 (Artist Support programme x 3, Happy Boy Mgxaji Memorial Stone, Fencing of heritage site [Multi-Cultural Man],

				architectural designs, Fencing of Rharhabe Kingdoms Graves, Fencing of Settlers Way Cemetery, Fencing of Cattle Killing site, Artist Support programme [bi-annual] x 2, Building of Memorial Stone, Fencing of EL World War 1 site).	architectural designs, Fencing of Rharhabe Kingdoms Graves, Fencing of Settlers Way Cemetery, Fencing of Cattle Killing site, Artist Support programme [bi-annual] x 2, Building of Memorial Stone, Fencing of EL World War 1 site).	Quarterly Artist Support programme, Building of Memorial Stone x 2 [Vuyisile Lawrence Tutu, Happy Boy Mgxaji Memorial tone], Fencing of heritage site [Multi-Cultural Man]).	Vuyisile Lawrence Tutu Memorial Stone).
<b>Number of interventions supported to retain existing investors and promote attraction of new investment into Buffalo City</b>				3 (a) Revitalisation of Industrial Park, (b) Invest Buffalo City, (c) Support for Provincial one stop shop).		3 (i) (Revitalisation of Industrial Park (Dimbaza); (ii) Development of a concept document for Wilsonia Industrial Area; and (iii) Invest Buffalo City.	3 (i) Revitalisation of Industrial Park (Dimbaza); (ii) Development of a concept Document for Wilsonia Industrial Park; and (iii) Invest Buffalo City
<b>Number of Agricultural Farmer Support programmes implemented</b>		6 (Tractor maintenance programme, Food security, Hydroponics:	7 (Tractor maintenance programme; Food security; Hydroponics:	6 (Food security, Hydroponics x 2; Fencing; Piggery Structure,	10 (Cropping programme; Agricultural Show; Hydroponics; dipping tank;	7 (Cropping programme; Food security; Hydroponics programme;	6 (Fencing of arable land; Urban Food Gardens Systems (PEP);

		Zwelitsha; Hydroponics: Duncan Village; Hydroponics: Mngqesha; Amagasela Piggery Structure)	Zwelitsha; Hydroponics: Duncan Village; Hydroponics: Mngqesha; Hydroponics: Ginsberg; Hydroponics: Bhisho	Production inputs)	Production inputs; Fencing, Information day seminar; Poultry Structure; Hydroponics: Newlands; Shearing Shed)	Piggery and Poultry Structure; Fencing of arable land; Agri- Village; Urban Food systems)	Piggery and Poultry Structure; Agri- Village; Cropping programme)
<b>T 3.11.7</b>							

**Table 85: Employees: Local economic development services**

Employees: Local Economic Development Services					
Job Level	Year 2021/2022		Year 2022/2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	17	16	15	1	6.2%
4 – 6	16	18	17	3	16.6%
7 – 9	14	15	12	4	20%
10 – 12	20	21	21	0	0%
13 – 15	2	2	2	0	0%
16 – 18	5	4	4	0	0%
19 – 20	4	4	4	0	0%
<b>Total</b>	<b>78</b>	<b>80</b>	<b>75</b>	<b>8</b>	<b>8.7%</b>

*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 3.11.8*

**Table 86: Financial performance 2022/2023: Local economic development services**

Financial Performance 2022/2023: Local Economic Development Services					
Details	R'000				
	2021/2022	2022/2023			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>45 405</b>	<b>38 404</b>	<b>38 587</b>	<b>32 078</b>	<b>-20%</b>
Expenditure:					
Employees	68 182	48 400	45 025	45 025	-7%
Repairs and Maintenance	1 645	1 552	1 552	1 491	-4%
Other	114 505	121 352	255 083	104 688	-16%
<b>Total Operational Expenditure</b>	<b>184 332</b>	<b>171 304</b>	<b>301 660</b>	<b>151 203</b>	<b>-13%</b>
<b>Net Operational Expenditure</b>	<b>138 927</b>	<b>132 900</b>	<b>263 074</b>	<b>119 126</b>	<b>-12%</b>

*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*



**Table 87: Capital expenditure 2022/2023: Economic development services**

<b>Capital Expenditure 2022/2023: Economic Development Services</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>56 461</b>	<b>43 333</b>	<b>38 228</b>	<b>-48%</b>	
BUILDING OF MEMORIAL STONES	1 500	-	-	0%	3 285
KIWANE RESORT MAINTENANCE & UPGRADE	500	478	471	-6%	908
CONSTRUCTION OF CABIN ACCOMMODATION	1 500	-	-	0%	1 500
EXTENSION OF MDANTSANE ART CENTRE	2 000	-	-	0%	649
HYDROPONICS AND PACKHOUSE PROJECT	3 261	2 960	2 960	-10%	18 182
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	3 000	7 020	6 066	51%	19 283
INFORMAL TRADE INFRASTRUCTURE (Hawker Stalls)	5 000	7 236	7 236	31%	6 797
INSTALLATION OF ADVENTURE ACTIVITIES	500	-	-	0%	500
FILM STUDIO DEVELOPMENT	1 000	200	-	0%	1 000
INSTALLATION OF RECREATIONAL FACILITIES	1 000	-	-	0%	980
ART CENTRE	1 000	1 000	-	0%	876
MDANTSANE ART CENTRE	4 000	215	215	-1760%	649
SMME INCUBATOR	500	2 000	570	12%	1 139
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	528	528	5%	500
RESTORATION OF HERITAGE SITES	1 000	-	-	0%	2 147
REVITALISATION OF INDUSTRIAL AREAS	3 500	3 500	3 500	0%	17 384
TOURISM HUB	2 000	-	-	0%	11 118
UPGRADING OF BUILDINGS	1 000	1 144	1 144	13%	4 593
UPGRADING OF MARKET HALL	8 000	8 535	8 535	6%	11 678
WATER LEISURE ACTIVITIES	700	-	-	0%	91
FORT JACKSON JUNCTION HUB	10 000	-	-	0%	0
AGRI-VILLAGE	5 000	2 852	2 852	-75%	10 094
TOURISM HUB c/o	-	1 217	-	0%	11 118
IMPROVE ACCESS ROAD AND ROAD SIGNAGE c/o	-	2 382	2 161	100%	19 283
INFORMAL TRADE (HAWKER STALLS) c/o	-	1 261	1 261	100%	6 797
SMME INCUBATOR c/o	-	340	340	100%	1 139
UPGRADING OF COLD ROOMS	-	464	390	100%	516
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.11.10</i>

## **COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

In the 2022/2023 financial year, the Department of Tourism, Arts & Culture has been allocated a total of R11 000 000 for capital projects (capital budget) and R1 900 000 for operating projects (operating budget). During the year under review, the Department has implemented the following programmes in line with the allocated budget:

- Tourism Destination Marketing & Information Services Programme
- Tourism Awareness Programme
- Tourism Business Support Programme
- Tourism Events Programme
- Artist Support programme

### **Destination Marketing and Information Services**

During the year under review, the Department has implemented several activities aimed at marketing and promoting Buffalo City as a tourist destination of choice. These activities include, among others, the following:

#### **Advertising in various magazines and publications.**

The City has strategically placed advertisements in a range of publications to maximise exposure to the relevant target market. These publications include, among others:

- a) **Sky ways** – This is a monthly online in-flight magazine exclusive to Airlink and an official guest magazine for Bidvest Premier Lounge. It is featured in both international and domestic lounges at airport terminals nationwide.
- b) **Sky news** – A digital and print in-flight magazine boasting a guaranteed readership of 160 000, published six times a year. It is widely distributed to travel agencies, selected publicity associations, tourist information bureaus, hotels, and private lodges.
- c) **In-Flight** is the official on-board magazine for FlySafair. Pre-pandemic, the magazine reached over 400 000 monthly passengers and nearly 15 000 unique digital subscribers monthly. It continues to serve as an essential reference for potential visitors to the destination.

- d) **African Safaris** – African Safaris boasts a substantial readership and distribution exceeding 30 000. This upmarket travel and trade magazine are circulated in 18 countries globally. Published quarterly, the magazine directly reaches inbound tourists through tour operators in Africa's key and emerging markets. Its additional and targeted distribution ensures that African Safaris is widely read by both local and international corporate as well as niche markets.
- e) **Getaway Magazine** – Getaway Magazine is dedicated to the travel and outdoor markets, offering a platform to showcase destinations and activities to an audience passionate about travel, nature, and the outdoors. With a combined readership of 1,6 million, the magazine extends its reach digitally through extensive advertising on various social media platforms, including Facebook, Instagram, LinkedIn, YouTube, and Pinterest. This strategic approach ensures maximum exposure and engagement.
- f) **TFG Escapes Magazine** – TFG Escapes Magazine is a monthly travel publication offering readers comprehensive travel advice and enticing deals on both local and international holiday destinations. The magazine features informative and well-researched articles on the latest travel trends, providing readers with the ultimate guide to their travel experiences.
- g) **Your Home magazine** – Your Home magazine is a digital publication distributed to a minimum of 30 000 contacts through email, SMS, and, to a lesser extent, WhatsApp. The magazine extensively advertises through various social media platforms, including Facebook, Instagram, LinkedIn, YouTube, and Pinterest, ensuring widespread exposure to a diverse audience.

Furthermore, the Directorate has used various newspapers and digital screens to promote the City to maximise its awareness about tourism attractions. The following media platforms, i.e., newspapers and radio, have been used:

- a) Daily Dispatch
- b) Go Express
- c) Mail & Guardian
- d) Keith Ngesi Radio

Digital screens around Buffalo City provide a valuable opportunity for both the city and tourism products to market their businesses. These screens serve as an effective platform for showcasing and promoting various offerings to a diverse audience.

### **Social Media**

The Department uses various social media platforms, including Facebook, Twitter, and Instagram, to enhance its marketing and promotion of the City. The Tourism Facebook page has played a crucial role in the promotion of the City. The posts on this page provide valuable information and receive significant engagement. The number of followers on the Facebook page has increased from 17 000 in the previous financial year to over 32 000 in the current year.

### **Participation in various trade and consumer trade shows**

Buffalo City, like any other destination, participated in a number of trade and consumer shows in the 2022/2023 financial year. Trade shows are events where companies in a particular industry gather to showcase their products and services. During this period, Buffalo City had the opportunity to market and promote the destination to travel agents, tour operators, and media houses. The City participated in three such shows, namely:

### **Meetings Africa**

Buffalo City Tourism attended and participated in Meetings Africa 2023, which took place in Johannesburg from 28 February to 1 March 2023. This annual event is an important fixture on the African Tourism Events Calendar, specifically focusing on Meetings, Incentives, Conferences, and Exhibitions (MICE). Its main objective is to create, transform, and enhance business tourism opportunities on the African continent. The programme is hosted by South African Tourism in collaboration with the National Department of Tourism.

Meetings Africa is a trade show that operates on an appointment-driven basis, meaning that most meetings are arranged prior to the event. Buffalo City Tourism had scheduled 17 meetings with potential buyers and exhibitors over the course of two days. Out of these 17 meetings, 14 were successfully arranged and attended. Additionally, Buffalo City Tourism had the opportunity to network and meet with walk-in participants during designated open times between scheduled meetings. In fact, they ended up holding a total of 32 meetings, including 18 that took place outside of the originally scheduled appointments. The event began with an information day, known as Bon Day, on 27 February 2023, which was exclusively for participants. On 28 February and 1 March, both days were dedicated to scheduled meetings that facilitated the formation of new partnerships and ventures, with the aim of encouraging and boosting local economic growth.

### **Meetings Africa 2023 Post Educational Tours**

Buffalo City Tourism, in partnership with the Eastern Cape Parks and Tourism Agency (ECPTA) and South African Tourism, hosted post-educational tours for international media and trade representatives as part of Meetings Africa. These tours took place over four days, from 2 March to 6 March 2023.

The programme was coordinated with the assistance of South African Tourism (SAT) country representatives in key source markets such as the United Kingdom (UK), Netherlands, France, Germany, and Russia. A total of 10 international buyers participated in the tours, which was the maximum number accommodated for post tours. The itineraries for these tours primarily focused on showcasing the MICE venues that Buffalo City has to offer. Delegates had the opportunity to explore a variety of conference venues, ranging from small to large, and also engage in various activities.

The visited venues included the Steve Biko Centre, Walter Sisulu University (WSU), Areena Riverside Resort, Olivewood Golf Estate, Blue Lagoon Hotel, Asante Wedding & Events, Summit Lifestyle Conferencing, EL ICC, and the Venue at Hemingways.

Buffalo City has already received a return on investment from this hosting by securing a confirmed booking to host the Animal Feed Manufacturers Association of South Africa (AFMA) conference in November 2023 at the EL ICC.



**Figure 36: Exhibition stand at Travel Tourism Indaba held in Durban**

### **World Travel Market Africa (WTM)**

The WTM Africa is a business-to-business exhibition for both inbound and outbound African travel and tourism markets. It is attended by industry professionals who have the opportunity to gain insight into the latest trends, access a diverse range of products, and collaborate with others.

The 2023 WTM was held over a period of three days at the Cape Town International Convention Centre (CTICC) from 10 – 12 April 2023.

During the event, the Directorate had the opportunity to engage with international and local hosted buyers, media, and tour operators in order to promote the unique experiences and products of Buffalo City to the travel trade.

The WTM Africa show is primarily appointment-driven. The Department was able to secure 32 quality meetings with media houses, tour operators, international hosted buyers, and

more. As a result, the Directorate has successfully negotiated the inclusion of the City's attractions on trade itineraries that trade partners will be selling to their clients in 2024/2025.

### **Tourism Awareness**

The Directorate conducts tourism awareness campaigns in the form of workshops held in communities. These workshops aim to achieve the following:

- (a) **Empowerment:** Educate communities about the role and benefits of tourism, as well as how they can actively participate in and benefit from it.
- (b) **Economic Opportunities:** Encourage communities to visit and learn about the City's attractions. They also encourage residents to identify opportunities in their local area and throughout the Metro, and start their own tourism-related businesses, such as homestays, guided cultural tours, handicraft production, etc.
- (c) **Preservation of Culture:** Assist communities in understanding the value of their cultural heritage and how it can be shared with visitors, bringing returns.
- (d) **Improved Infrastructure:** Tourism awareness can help advocate for improved infrastructure within communities, enhancing the overall quality of life for residents.
- (e) **Inclusivity:** Help ensure that all community members, including marginalised groups, can benefit from tourism-related activities.
- (f) **Funding Opportunities:** Inform communities about available funding opportunities and how to access them.

The tourism awareness workshops are hosted quarterly in response to community requests.

In the 2022/2023 financial year, the Directorate hosted three tourism awareness workshops. These workshops took place in the following locations and wards.

- Ward 32 – Tyolomnqa
- Ward 40 – Jubisa
- Ward 35 – Quzini

All the workshops were well attended by participants who were keenly interested in understanding tourism and its economic benefits.



**Figure 37: Tourism awareness at Xhamini Hall in Tyolomnqa**

### **Tourism Training and capacity building**

The Directorate also conducted training for the frontline staff working in hotels and guesthouses. These staff members are the first point of contact for guests seeking information on local attractions and activities in the City. The training was conducted in preparation for the festive season, as the City was expecting a large number of visitors who were coming to enjoy their holidays. The training focused on two main areas: customer care and familiarising the staff with the City. The "know your city" training provided attendees with comprehensive knowledge of all the attractions and points of interest that they can recommend to visitors during their stay. A total of 60 frontline staff members attended the training.





**Figure 38: Frontline staff attending training at Kennaway Hotel**

### **Tourism Business Support Programme**

During the assessment period, the Municipality extended support to eight tourism businesses under the Tourism Recovery Support programme. This assistance encompassed the provision of operational equipment to enhance business operations and competitiveness, along with opportunities to enhance market access and facilitate training and skills development. The following businesses were recipients of this support:

**Table 88: Recipients of the Tourism Recovery Support programme**

<b>NAME OF THE ESTABLISHMENT</b>	<b>Support Provided</b>
1. Sunrise Boutique Hotel	Assisted towards the launch of the establishment.
2. Villa Boutique Hotel	Provided with air conditioners for eight rooms.
3. Blue Lagoon Hotel	Assisted towards the printing of marketing and promotional material.
4. La Cuisinette Restaurant (Food, Wine, Passion)	Provided with operational equipment and staff uniforms.
5. Ekuphumleni Guest House	Printing of marketing material.

6. Ezamampondo Guest House	Assisted with catering equipment for the serving of guests.
7. Eleth'ikhaya Enterprise	Assisted with beds, stoves, pots, and microwaves.
8. Buyelembo Village	Assisted with the installation of JoJo tanks and septic tanks for the new restaurant.

### **Tourism Events Programme**

The 2022/2023 financial year witnessed the revival of numerous events that were held in the city before the COVID-19 period. However, due to budgetary constraints, the Municipality was unable to provide financial assistance for hosting these events. Nonetheless, the City continued to organise its festive lights switch-on event and seized the opportunity to collaborate with certain events by offering non-monetary contributions such as technical support, compliance advice, and event marketing. These events were chosen based on their potential to boost visitor numbers and stimulate the City's growth:

#### **Kiwane Resort Race**

In the initial quarter of 2022/2023, the Directorate collaborated with the BCM Athletics Club to coordinate and host the inaugural Kiwane Resort Race 2022. This annual event, held in July, is designed to market and promote Kiwane Resort and its surrounding areas. Notably, the race has received endorsements from both Border Athletics and Athletics South Africa (ASA), earning its place on the official events calendar.

The Kiwane Resort Race 2022 was held on 16 July 2022 in Tyolomnqa. Two activities were planned: a 14-kilometre race and a 5-kilometre fun run. The event was conducted in adherence to the rules and guidelines established by ASA and Border Athletics.

Although the event aimed to attract 500 runners, it received a total of 304 entries, with 246 entries for the 14 km race and 58 entries for the 5 km fun run. One possible reason for not reaching the target number of participants was that the event coincided with two other races taking place on the same day: the Washie Miler 160 km and the Men's Breakfast Race at Gonubie. Nevertheless, the race garnered a positive reception and received acclaim on various social media platforms. Extensive media coverage has significantly heightened the race's popularity, with many runners expressing anticipation

for participation in the coming year. The success of the event underscores its effectiveness as a strategy for showcasing Tsholomnqa and its scenic resort.

### **Benefits Received as a Result of the Kiwane Resort Race**

The hosting of the race resulted in the following benefits:

- a) The Kiwane facility was exposed to over 300 participants and gained visibility on social media.
- b) The event attracted attendees and participants from diverse races and backgrounds, promoting social cohesion.
- c) The race had the potential to generate income and facilitate growth, ensuring the resort's sustainability in the future.
- d) There was an increase in bookings at Kiwane Resort.

### **Switch On of the Lights**

The Switch On of the Lights is an annual event organised by the Directorate of Economic Development and Agencies in collaboration with an Events Technical Committee comprising of various departments within the Metro. This event serves as a platform for the Executive Mayor to convey a message of goodwill and launch the summer season programme to the citizens and visitors of Buffalo City. The event encompasses diverse activities, such as formal speeches by dignitaries, the lighting up of the decorated festive lights that signify the commencement of the holiday season in the City, a captivating fireworks display, and live performances by both local and national artists. Annually, there is a noticeable enhancement in the City's streetlights and children's entertainment, drawing residents to the Esplanade area to experience and capture the beautifully decorated space. This year, the decorations at the Esplanade have exceeded expectations and are drawing significant traffic to the area.

During the review period, the Switch On of the Festive Lights events were held in two locations: Qonce at the Botanical Gardens on 2 December 2022, and in EL at Orient Beach swimming pools on 3 December 2022. To ensure a wider audience, the event was streamed live on various social media platforms, attracting a total of 54 735 viewers.

Approximately 3 500 individuals attended the event in Qonce, while an estimated 6 500 attended the event in East London. Attendees exhibited high levels of excitement and thoroughly enjoyed both events, benefiting from the absence of restrictions on attendance compared to the previous year. The day was brimming with enjoyable activities, featuring

speeches by political leaders, a spectacular fireworks display, a dedicated children's entertainment corner, stalls offering a variety of items, and live performances.



**Figure 39: Switch on of lights in Qonce**

(a)



(b)



Figure 40 (a) and (b): Switch on of Lights event in EL

## **Buffalo Regatta.**

Buffalo City executed its marketing mandate by partnering with the EL Boating Association for the Buffalo Regatta, an annual rowing event that holds significant importance in the rowing community's calendar.

The Buffalo Regatta, which has been taking place since 1879, is the oldest rowing event in the country. In 2023, it celebrated its 135<sup>th</sup> year. Organised by the EL Boating Association, the event spanned three days from 9 – 11 February and was held at the Buffalo River.

The event drew participants primarily from schools, universities, local rowing clubs, and veteran enthusiasts. Attendees travelled from various regions across the country and Africa, encompassing local rowing developmental clubs. With over 700 participants and 1 000 spectators, the event played a substantial role in fostering the growth of the local tourism industry and aiding in the recovery from the adverse effects of the pandemic.

The event was live-streamed on social media platforms such as YouTube, with a total of 9 356 viewers, and on Facebook, with 1 502 followers. It was also broadcast on the SuperSport TV channel. In addition to the branding set up at the event for three days at no additional cost, the City was allocated a permanent advertising board displaying the Buffalo City Tourism Logo. The event received extensive coverage in the local newspaper, Daily Dispatch, as it is considered one of the City's signature events. Link FM was the only local radio station that conducted interviews for this year's event.

### **Benefits of Buffalo Regatta 2023**

Below are the benefits that were received from hosting the event:

- a) The event had 735 competitors and approximately 1 000 spectators, all of whom utilised local accommodations for the three-day duration of their stay.
- b) The event provided increased opportunities for developmental black rowing clubs and individuals to participate in both national and international competitions.

## **UMTIZA ARTS FESTIVAL**

The Umtiza Arts Festival is an annual artists' development event that encompasses a diverse range of activities, including dialogues, exhibitions, plays, book launches, workshops, children's entertainment, and performances across various art forms. The festival spans a week, with diverse activities taking place in various venues. The event was

launched on 01 May in the Mdantsane Art Centre in commemoration of International Jazz Day, with the main event starting on 24 May to 02 June 2023 at Guild Theatre, EL Museum, and Ann Brant Art Gallery. The event aims to empower the youth by providing them with opportunities and contribute to the growth of the local economy through the creative industry and tourism.

### **Artist Support Programme**

The Directorate has a responsibility to support local artists. The support provided varies depending on the artists' requests. However, most of the support is focused on the following areas:

Access to the market: Artists are given the opportunity to showcase their work. Visual artists can participate in local and national exhibitions. Performing artists are given the chance to perform at city events. Artists are also provided with necessary equipment, such as art materials for visual artists. In some cases, assistance is given for the production of music, videos, etc. Literary artists receive support for printing their books or hosting book launches.

During the year under review, the following artists received assistance:

### **Gompo Art Centre Cultural tour**

The Gompo Art Centre, located in Duncan Village, is one of two art centres in the Metro. It has formed a partnership with the Wushwini Pan African Centre, based in Durban. This partnership was established in 2017 when Wushwini received funding to support the development of artists from the Eastern Cape. Since then, both art centres have collaborated on various activities.

During the 2022/2023 financial year, the Gompo Art Centre participated in a cultural exchange and capacity building programme at the Wushwini Pan African Centre in Durban. The programme, titled 'KZN Meets Eastern Cape Maskandi Explosion and Cultural Tour', took place from 28 November 2022 to 4 December 2022. A total of 21 local artists participated in the programme, which included a Maskandi production. The Department provided accommodation for the group for a period of seven days.

## **Music production**

Local recording gospel artist and vocalist, Awethu Banjwa, hailing from Mdantsane, received support for the music production of his album titled 'Ndithandaza uThixo'. The assistance extended covered various aspects of his project, encompassing music composition, rehearsals, recording, mixing and mastering, publicity, promotion, and artist artwork.

## **Assistance with venue hire**

### **Three artists were assisted with venue hire for their events, namely:**

Local artist Nokuthula Mzendana sought venue support to host a gospel show in Scenery Park. The requested venue was provided, and the event successfully took place on 4 December 2022 at the Scenery Park Hall.

King Buntu Production, a media house led by Mdantsane-born artist Buntu Raxangana, is dedicated to supporting aspiring and professional performing artists by equipping them with the necessary skills for success in the acting and film industry. The company requested venue support at the Orient Hall for a workshop that was to be held on 18 – 19 December 2022. This workshop is designed for local arts, drama, and history scholars/students, aiming to encourage youth participation in the arts, culture, and heritage sector while underscoring the significance of history.

Local filmmaker Nwabisa Mavuso sought venue support to conduct a scriptwriting and directing workshop for local filmmakers. The workshop, which was scheduled for 25 March 2022, was successfully hosted at the Osner Hotel, providing a conducive space for the learning and collaboration of aspiring filmmakers.

## **Gompo Art Centre Theatre production rehearsals**

The Gompo Art Centre, located in Duncan Village, participated in a provincial community art centre competition in January 2022. They competed against 27 of the best art centres in the EC and won first prize. This recognition as an art centre of excellence came with a cash prize of R200 000,00. The award was presented by the Minister of Sport, Recreation, Arts, and Culture, Honorable Nathi Mthethwa. The prize money is expected to be used for the production and staging of a new musical theatre production, which will be showcased in a competition hosted by the Nelson



Mandela Bay Theatre Complex in Gqeberha in September 2022. Additionally, this new production has been invited to feature in the Botho Heritage International Festival, which will take place at the Playhouse in Durban in November 2022. The theatre production tells the story of Sister Aidan and the Duncan Village activists who fought against the apartheid regime.

As part of the preparations, the artists involved in the production, consisting of 21 people from around Buffalo City, needed a shared space that could accommodate extensive rehearsal hours from 21 to 27 August 2022. The Department of Tourism, Arts, Culture, and Heritage supported the Gompo Art Centre by providing them with accommodation at the Kiwane Resort for the duration of the rehearsals.

### **Music production and music video shoot**

**Four local artists received assistance with their music production and music video shoots. The artists are as follows:**

(i) Thembelani Ngxali, a local recording artist, vocalist, and composer, received support for the music production of his single called "Ibali Lam", as well as the music video shoot for the same single. The support provided included composition of the music, rehearsals, recording, mixing, mastering, as well as publicity and promotion.

(ii) Anonymous Media Lab, a local film production company based in Berea, is currently in the post-production phase of a film that was shot in the BCMM. One of the elements of post-production is sound design, which is essential to complete the film. The local film company submitted a request to the Department to cover the costs of sound design.

(iii) Montywood Films, a local film production company based in Scenery Park, is dedicated to enhancing the local film sector by creating local content using local talent. The production company requested assistance from the Department in the form of catering for their film shoot. Catering services were provided for a cast and crew of 30 people. The shoot took place over two weekends, from 13 to 14 August 2022 and 27 to 28 August 2022.

(iv) Bongani Bacela, a local recording artist from Mdantsane, received assistance for the music production of his project titled 'Uthando Lwekasi Arts Project'. The

support encompassed the recording, mixing, and mastering of three songs.

### **Supplied with Visual Art material**

Local visual artists requested support in the form of art materials to produce their artwork. Support was provided to five local visual artists: Wandile Ntlanganiso, Blues Solombela, Vuyelwa Ndungane, Buyisile Gqithani, and Azola. This support included the purchasing of art materials such as paint, brushes, canvases, and more.



**Figure 41: Portfolio Head handing over art material to one of the local visual artists**

### **Artist training workshops hosted**

The Directorate partnered with various organisations to host workshops that would benefit local artists. During the year under review, the following workshops were hosted:

### **The Jazz Against Apartheid music workshop**

The Jazz Against Apartheid music workshop was held on 17 December 2022 at Gompo Art Centre. A total of 50 creative students and scholars from Duncan Village (Johny Dyani's birthplace), neighbouring townships, and jazz schools actively participated in the workshop. (Johny Dyani was a popular jazz singer and multi-instrumentalist who performed during the apartheid era.) Facilitated by international jazz artists who were part of the same band as Johny, the workshop served as a meaningful way for these musicians to give back to the Buffalo City community, specifically Duncan Village.

The initiative received positive feedback from local artists, providing them with a unique opportunity to gain insight into Johny's music. Moreover, it paved the way for potential cultural exchanges between the artists at the Gompo Art Centre and Duncan Village Museum.

As part of the workshop, each participating artist received a music book containing songs written and performed by Johny Dyani, holding significant sentimental value. The Department supported the workshop by providing catering, sound, and marketing services, contributing to the overall success of this enriching cultural experience.



**Figure 42: Jazz against apartheid training workshop at Gompo Art Centre**

**Umtiza Music Empowerment Workshop (In conversation with Ntsika**

The Umtiza Music Empowerment Workshop took place on 28 May 2023 at BMW in Berea. Ntsika Ngxanga, a national afro-soul vocalist and performing artist, who had performed at the Guild Theatre on 27 May 2023 facilitated the workshop for local artists and music enthusiasts.

The workshop was intentionally titled 'In Conversation with Ntiska' to create an informal environment for everyone to fully engage. The main goal was to equip aspiring local musicians with knowledge of the music industry's inner workings and how to achieve and sustain success in the entertainment industry. It also provided an opportunity for local artists to personally interact with a prominent artist. Ntsika shared advice on creating music that reflects one's true self and emphasised the importance of discipline and respect for one's craft. He also briefly discussed his journey with the renowned acapella band, The Soil.

The day was filled with entertainment provided by a local traditional dance group called Phatisa Stick Fighters. BMW, the workshop venue, partnered with the festival to bridge the gap between the private and public sectors. A total of 44 artists attended the workshop.

**UMTIZA  
ARTS  
FESTIVAL** 2023

THE GUILD THEATRE • EAST LONDON MUSEUM • ANN BRYANT ART GALLERY

**IN  
CONVERSATION  
WITH**  
*Atsika*

**AN  
UMTIZA ARTS  
FESTIVAL  
WORKSHOP**

Kindly RSVP on [elguild@mweb.co.za](mailto:elguild@mweb.co.za) or  
[azola.ntlantsana@supertechgroup.co.za](mailto:azola.ntlantsana@supertechgroup.co.za) by 27 May 2023

**BMW EAST LONDON | 28 MAY | 1PM**



Figure 43: Advertisement of the workshop

### **Umtiza Workshop on Indigenous African Traditional music**

The Umtiza Workshop on Indigenous African Traditional music took place on 26 May 2023 at the Guild Theatre. Facilitated by Professor Dizu and Ntombethongo, experts in playing traditional musical instruments such as uhadi, the workshop aimed to honour Dr Madosini, a distinguished African (Xhosa) musician, songwriter, and storyteller. The primary objective of the workshop was to promote Xhosa cultural heritage by imparting to young people the significance of preserving traditional practices through the art of traditional music.

The workshop had 25 attendees and was a successful event. Both Professor Dizu and Ntombethongo performed at the Guild Theatre during the tribute concert for Dr Madosini, which took place on Africa Day, 25 May 2023.

### **STRATEGIC OBJECTIVES**

To increase revenue for the BCMM in 2022/2023, sales of fresh produce supply have been distributed, totalling 79 947 metric tons. This represents a 1% decrease compared to the 80 659 metric tons sold in the 2021/2022 sales period. The annual turnover for the 2022/2023 sales is R572 417 828, which is a 14% increase compared to the R503 452 197 turnover in the previous sales period. The revenue generated during this sales period is R68 965 631. The rand per ton has increased by 15%, from R6 242 in the previous period to R7 160 in the current period.

During the sales period, a wide variety of over eighty products were distributed through market agents. These products were made available to a total of 4 781 registered buyers from various categories. The market was supported by 530 suppliers of fresh produce from different provinces in South Africa.

**Table 89: Turnover Stats Report at Buffalo City Fresh Produce Market for the period 2022/2023**

**TURNOVER STATS REPORT AT BUFFALO CITY FRESH PRODUCE MARKET for the period 2022 / 2023**

The below stated is sales to date period 01 July 2022 to 30 June 2023 and is compared to previous (01 July 2021 to 30 June 2022)

MONTH	TURNOVER RAND		MASS SOLD Met.ton		GROWTH		
	2021 / 2022	2022/ 2023	2021 / 2022	2022/ 2023	Value	Turn %	Mass %
Jul	R43 147 228.47	R38 690 123.12	7 125.96	6 754.82	-R4 457 105.35	10.33	5.21
Aug	R40 890 117.19	R42 866 811.56	6 855.81	7 335.35	R1 976 694.37	4.83	6.99
Sep	R41 385 488.15	R39 518 109.75	5 897.30	6 633.18	-R1 867 378.40	4.51	12.48
Oct	R43 433 452.48	R41 498 670.32	6 113.88	6 897.03	-R1 934 782.16	4.45	12.81
Nov	R41 010 410.30	R46 963 484.32	6 767.47	6 675.90	R5 953 074.02	14.52	1.35
Dec	R49 465 670.57	R58 180 711.69	7 796.92	7 387.72	R8 715 041.12	17.62	5.25
Jan	R37 271 553.03	R51 003 016.73	6 425.52	6 508.20	R13 731 463.70	36.84	1.29
Feb	R37 558 147.84	R49 421 139.61	6 238.40	6 135.62	R11 862 991.77	31.59	1.65
Mar	R45 771 870.28	R54 868 362.50	7 172.56	6 807.96	R9 096 492.22	19.87	5.08
Apr	R41 589 084.98	R45 226 389.68	6 433.49	5 647.36	R3 637 304.70	8.75	12.22
May	R42 691 170.01	R52 889 884.67	7 060.46	6 520.16	R10 198 714.66	23.89	7.65
Jun	R39 238 004.09	R51 291 124.49	6 771.29	6 643.64	R12 053 120.40	30.72	1.89
<b>Annual Total</b>	<b>R503 452 197.39</b>	<b>R572 417 828.44</b>	<b>80 659.06</b>	<b>79 946.95</b>	<b>R68 965 631.05</b>	<b>13.70</b>	<b>0.88</b>

**ANNUAL PERFORMANCE REPORT ON 2022/2023 SALES (NARRATIVE)**

**The Fresh Produce Market**

**MARKET TOP SELLERS (PRODUCTS/SECTION)**

**Annual sales performance of commodity sections for 2023.**

During the 2022/2023 sales, a diverse range of commodity products was acquired and sold. All received products were systematically categorised into 10 sections, including: Banana Section, Cabbage Section, Carrots Section, Citrus Section, Dried Produce Section, Fruit Section, Potato Section, Tomato Section, Vegetable Section, and Others Section. Each of these sections encompassed various collective products or items. For the 2023 sales, over 80 different products were sold to various market category groups. These products were sourced from different provinces across South Africa.

**I. Potato Section:**

Turnover: **R 172 552 256**

Metric Tons: **31 319**

The Potato section ranks as the top best seller, commanding a 30% annual turnover share value and a 39% tonnage share. Twenty potato varieties were acquired and sold to diverse market category buyers. Among the most popular sellers were Potato Sifra, Potato Mondial, and other labelled potato varieties. The leading supplier provinces for this section in the market are Free State and Limpopo.

The total tonnage sold for this section is 31 319 metric tons.

The total turnover for this section is R172 million.

The average price paid is R55,09 per 10 kg pocket and R38,57 for a 7 kg half pocket.

## **II. Banana Section:**

Turnover: **R 105 418 778**

Metric Tons: **14 049**

The Banana section encompasses banana low-grade, banana, and banana finger. As the second-best seller, it contributes to 18% of the annual share in terms of turnover and tonnage in the 2022/2023 sales. These products are regularly received on a weekly basis from KwaZulu-Natal and Mpumalanga provinces.

The total tonnage sold for this section is 14 049 metric tons.

The total turnover for this section is R105 million.

The average price paid is R135,06 per 18 kg box.

## **III. Fruit Section:**

Turnover: **R 84 512 817**

Metric Tons: **8 731**

The Fruit section is categorised into 15 different fruit varieties, such as apples, pears, nectarines, peaches, grapes, pineapples, plums, guava, etc. Each fruit variety is associated with sub-products; for instance, Apples – Golden Delicious or Cripps Pink; Plums – Pioneer or Ruby; Pears – Williams' Bon Chretien; Grapes – Autumn Royal or Starlight; Mango – Kent or Keit; Melons – Watermelon or Sweet Melon, etc. Up to twenty (20) fruit varieties are sold in total. Apples and pears are the most popular products in this section, accounting for 54% of the section's turnover and 63% of the section's tonnage.

The best-selling fruits in this section are apples and pears, with a combined annual tonnage of 5 524 846 metric tons, representing 63% of the section's total tonnage. Various combined seasonal fruit items, such as peaches, grapes, plums, apricots, etc., account for 24% of the section's tonnage.



The average annual price paid for apples is R151,85 per 18,3 kg box, and for pears, it is R123,11 per 15.5 kg box.

The average annual price paid for various nectarine varieties is R182,58 for PD 10 kg boxed punnets, and for various peach varieties, it is R134,75 for PD 10 kg boxed punnets. The average price paid for various grape products in PD 10 kg boxed punnets is R279,79.

The annual average price paid for pineapple varieties is R105,00 for a 20 kg banana box, and the average price paid for a 4 kg avocado box is R72,75.

#### **IV. Dry Produce Section:**

**Turnover: R81 235 424**

**Metric Tons: 8 062**

The Dry Produce section is organised into two category items: Onion and Garlic. Various types of onion varieties are featured, including brown onion, red onion, white onion, gydo onion, pickled onion, and more. In terms of the annual section category share, onion constitutes 14% of turnover and 10% of tonnage. The primary province supplying these onions is the Western Cape, specifically Ceres and the Koue Bokkeveld.

Among the various onion varieties, brown onions stand out as the most popular sellers in this section, contributing an annual collective tonnage of 4 905,83 metric tons, representing 61% of the total section tonnage. White onions follow closely, with an annual collective tonnage of 2 648,55 metric tons, accounting for 33% of the section tonnage. The gydo onion products constitute a smaller share, making up 5% of the overall sales.

The annual average price paid for all onion varieties is R100,76 per 10 kg pocket and R70,53 per 7 kg half pocket.

For brown onions, the average price is R103,87 for a 10 kg pocket and R72,71 for a 7 kg half pocket.

For white onions, the average price paid is R97,10 per 10 kg pocket and R67,97 per 7 kg half pocket.

#### **V. Vegetable Section:**

**Turnover: R 36 663 905**

**Metric Tons: 3 806**

The Vegetable section is categorised into 29 varieties, such as peppers, butternut, beetroot, pumpkin, lettuce, spinach, etc. Each category has a list of specific varieties. For example, under Peppers, you can find red pepper or yellow pepper; under Pumpkin, you can find Crown Prince, Sweet potato (white or orange); under Chillies, you can find jalapeño or green chillies; under Lettuce, you can find fancy

lettuce or curly lettuce; under Green mealies, you can find peas, okra, cucumber, etc. We receive various varieties of products from popular local farmers, including Shefa Farms, Blueberry Farms, Fruit O Rama, and Jerrema Trading farmers/fruit and vegetable suppliers. These farmers are the main producers in the EC province.

Peppers stand out as the best-selling items in the Variety Section, generating an annual turnover of R13 646 992 and selling 736,39 metric tons. Customers typically pay an average price of R84,00 for a 5kg box of green peppers and R42 for a 2,5 kg pocket. For red peppers, the average prices are R100 for a 5 kg box and R51 for a 2,5kg pocket.

**Butternuts are the second-best sellers**, with a collective annual turnover value of R8 649 913 and 1 276,57 metric tons sold. The average price paid was R67,75 for a 10 kg bag and R46.95 for a 7 kg pocket.

For **pumpkins**, the annual collective turnover is R2 668 338 and the volumes sold are 620 498 kg. The average price paid is R129 for a 30 kg bag.

There were **11 varieties of lettuce** sold, with a collective value of R1 365 579 and volumes of 68 494 kg, etcetera.

#### **VI. Tomato Section:**

**Turnover: R 36 452 750**

**Metric Tons: 3 680**

The Tomato section is categorised into one (1) main category and various sub-categories, such as Tomato long life, Tomato cocktail, Jam tomato, Saladette tomato, and so on. Tomato long life varieties are the most popular and account for 95% of the section's turnover when compared to other varieties. These tomatoes are sourced from various farmers, including Bertie Van Zyl, Prospect Tomatoes, Pack Rite Direct, Rica Boerdery, and others.

The average price paid for Tomato long life varieties is R59,21 per 6 kg box, while the popular 5 kg AE tomato pocket is priced at R 25.

#### **VII. Carrots Section:**

**Turnover: R 35 819 781**

**Metric Tons: 4 870**

The Carrots section is categorised by only one (1) variety sold in various packaging categories. The product is mostly sourced from farmers in Gauteng and the Western Cape provinces, such as Greenway Farms, Morester Landgoed Farmer, and Wilderklawer.

The total tonnage sold for this section is 4 870 metric tons.

The total turnover for this section is R35 742 535.

The average price paid is R73,55 per 10 kg bag and R36,78 per 5 kg pocket.

#### **VIII. Citrus Section:**

**Turnover: R 10 722 837**

**Metric Tons: 3 243**

The Citrus section is categorised by five (5) different categories and various sub-categories, such as Oranges (Cara cara orange, Navels, or Valencia), Soft citrus (Satsumas, Novas, or Naartjies), Lemons, Limes, and Grapefruit.

#### **IX. Cabbage Section:**

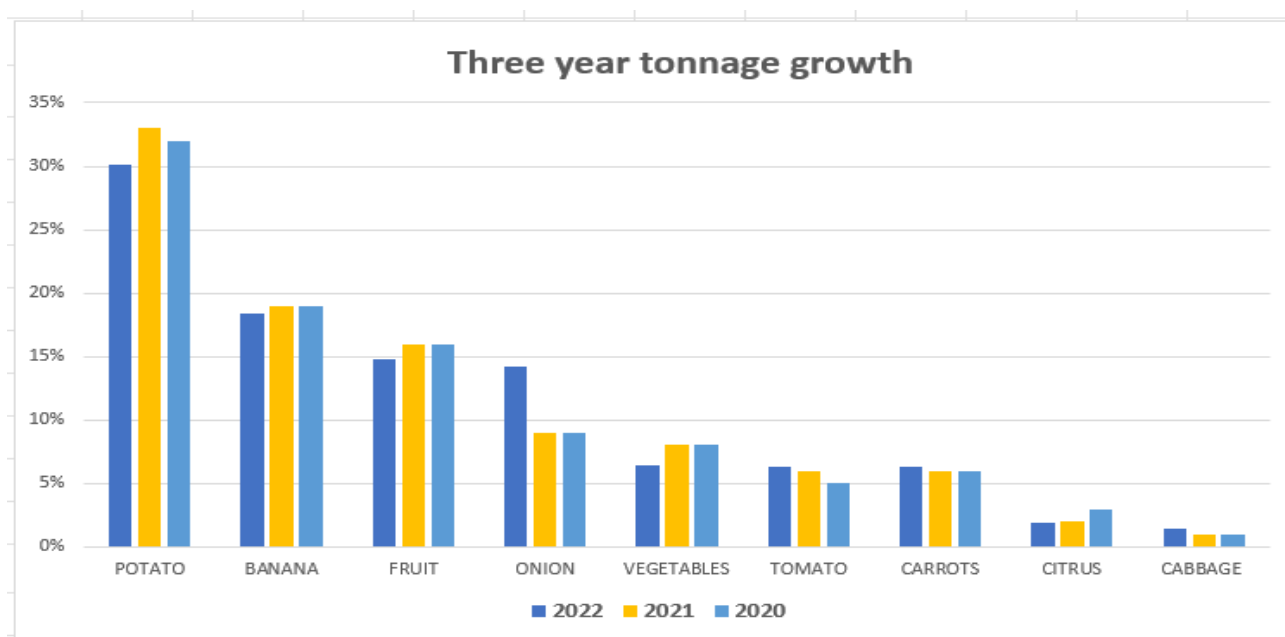
**Turnover: R8 507 240**

**Metric Tons: 2 174**

The Cabbage section is categorised by one (1) category and various product varieties, such as green cabbage, red cabbage, and Chinese cabbage. These products are locally sourced and sold in packaging such as bags, pallets, and bins.

**The average price for a 20 kg pocket is R78,23, while the average price for a 175 kg bin is R684,49.**

**Table 90: Three-year section tonnage growth**



**TOP SEVEN BUYERS/CATEGORIES 2022/2023**

The system has recorded 4 781 buyers for the 2022/2023 sales period, reflecting a decrease of 302 buyers compared to the total of 5 083 buyers in the previous period (2021/2022 sales period). However, the collective annual turnover of the top ten buyers for the 2022/2023 sales period is R173 478 059, representing an 11% increase compared to the R156 645 623 of the previous sales period.

Top ten buyers' collective tonnage for 2022/2023 is 22 843, showing a 6% decrease compared to the 24 426 tonnage of the previous period.

**Overview of the performance of the Buyers category:**

**I. Annual sales of Retailers buyer category group**

**Turnover: R 283 706 533**

**Metric Tons: 36 210**

The system has registered 159 buyers for the Retailers' group category, accounting for a 50% share of the annual total turnover. The turnover for this category has increased by 26%, from R224 355 695 in the previous period to R283 706 533 in 2022/2023. Additionally, the category group represents 45% of the annual tonnage total, with tonnage increasing by 11% compared to the previous sales period's 32 600 metric tons.

**Top ten buyers in this category and their share percentages:**

Fruit and Veg T/A share percentage is 7% (turn) and 5% (ton)

East London Fruit share percentage is 5% (both turn and ton)

Champion–Cheap Cheap Fruit & Veg share is 2% (both turnover and ton)

Proveg is 2% (both turn and ton)

AM Osman is 2% (turnover) and 1% (ton)

**II. Annual sales of Hawkers buyer category group**

**Turnover: R107 938 881**

**Metric Tons: 17 504**

The system has registered 1 524 buyers within this category, comprising street vendors and spaza shops, representing a category share of 19% of the total annual sales. The category turnover decreased by 1% when compared to R109 093 946 of the previous sales period. The category group tonnage is 22% of the annual tonnage total, with a 12% decrease from 19 806 (previous period) to 17 504 during 2022/2023.

**Top ten buyers in this category and their share percentages:**

None qualify for top ten listing for this group category.

**III. Annual sales of Wholesales buyer category group**

**Turnover: R 108 335 835**

**Metric Tons: 15 697**

The system has registered 23 category buyers, constituting a 19% share of the annual total turnover. The category turnover experienced a notable increase, rising by 12% from R96 973 187 in the previous period to R108 335 835 during the 2022/2023 sales. The category group tonnage represents 20% of the annual tonnage total, with tonnage sold increasing by 6% compared to the 16 540 recorded in the previous sales period.

**Top ten buyers in this category and their share percentages:**

MJ Engelbrecht T/A share percentage is 5% (turnover) and 6% (ton)

HRT Trade share percentage is 4% (both turnover and ton)

AM Ngumbela share is 2% (both turnover and ton)

Malcom CB is 2% (both turnover and ton).

**IV. Annual sales of Hospitality/food outlet buyer category**

**Turnover: R 40 045 520**

**Metric Tons: 5 382**

The system has registered 138 buyers in this category, representing a 3% share of the total annual turnover. The turnover in the category has increased by 17%, rising from R34 191 342 in the previous sales period to R40 045 520 during the 2022/2023 sales period. The tonnage sold accounts for 2% of the total annual tonnage. Additionally, the tonnage sold has increased by 12%, from 4 808 metric tons in the previous period to 5 382 metric tons during the 2022/2023 sales period.

**Top ten buyers in this category and their share percentages:**

Donn and Troy Simms each have a 3% share of both the turnover and tonnage.

**V. Annual sales of Households buyer category**

**Turnover: R 15 631 505**

**Metric Tons: 2 645**

The system has registered 2 856 households buyers in this category, which represents a 3% share of the total annual turnover. Compared to the previous sales period, the turnover for this category has decreased by 36%, amounting to R24 558 827. Moreover, the category's tonnage share is 3% of the annual total, compared to 3 667 062 from the previous period. In terms of the category group share, it represents 5% of the turnover and 6% of the mass, both higher than other buyer categories.

**VI. Annual sales of Institution /Organisation buyer category**

**Turnover: R 14 279 184**

**Metric Tons: 2 145**

For this category group, the system has registered 39 buyers, accounting for 3% of the total annual turnover. Furthermore, there has been a 13% increase in category turnover compared to the previous sales period, which amounted to R12 636 412. The category tonnage represents 3% of the annual tonnage total. Moreover, there has been a 5% increase in tonnage sales, rising from 2 049 metric tons in 2022 to 2 145 metric tons in the 2023 sales period.

**VII. Annual sales of Non-categorised buyer category**

**Turnover: R 2 480 369**

**Metric Tons: 364**

For this category group, the system has registered 42 buyers with a zero percent share in both turnover and tonnage. There has been a 1% decrease in this category for both turnover and tonnage compared to the 2021/2022 sales period.

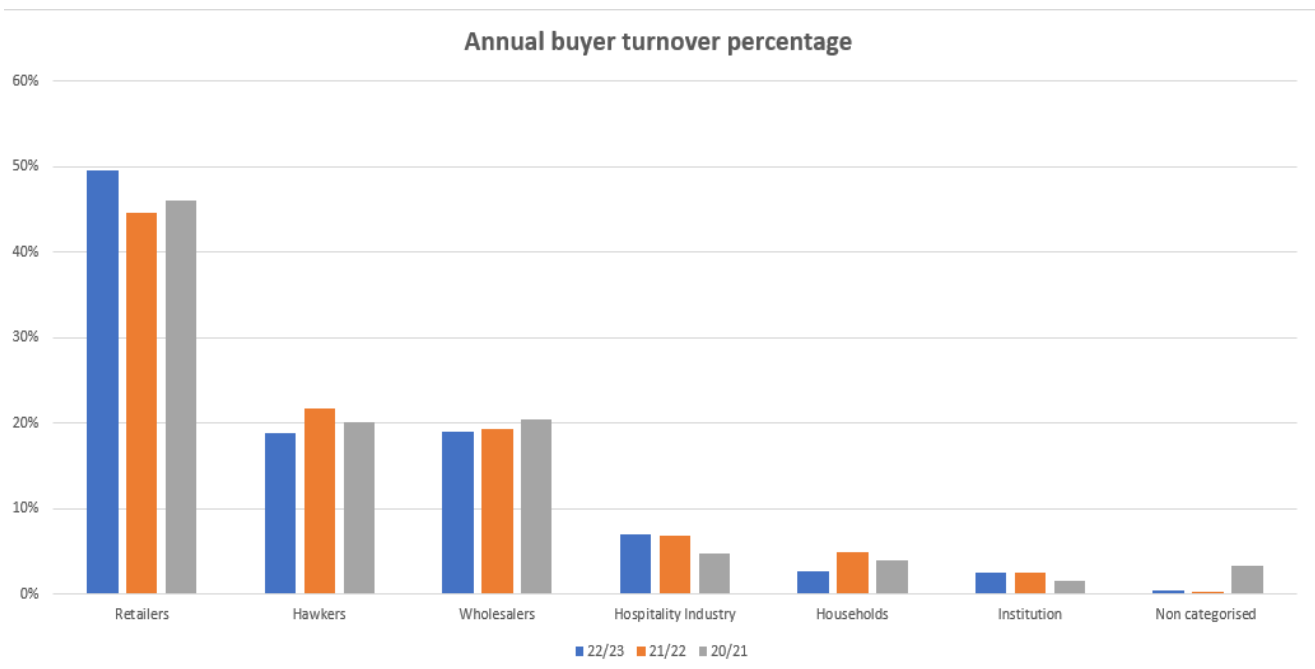


(a)



(b)

**Figure 44: View of the buyers' (a) sales floor, and (b) loading bays where daily operations take place**



**Figure 45: Annual buyer turnover percentage**

## **LIST OF NEW PROJECTS**

In alignment with the government's transformation agenda, BCFPM Management is initiating innovative concepts within the Fresh Produce Industry to enhance the market's appeal and attractiveness to the BCMM Community. One such concept is the Food Hub, designed to generate business opportunities for individuals who were previously disadvantaged and are citizens of the region. The primary operators of the Food Hub are predominantly black businesspeople who prioritise business development and demonstrate a passion for their work, valuing more than just financial gains. Market Management is presently launching three new projects as part of this initiative:

### **(a) THE FOOD HUB CONCEPT**

The Food Hub is a visionary concept designed to integrate various stages of the food value chain by creating substantial demand through off-take agreements with institutions like schools, prisons, hospitals, restaurants, and hotels. The Fresh Produce Market has implemented the Food Hub initiative by organising Flea Market Days. These quarterly events unfold at the newly constructed Food Hub building, aiming to exhibit and retail fresh produce from emerging farmers. The latest Flea Market Day occurred on 8 August 2023, featuring fourteen emerging farmers, each presenting a diverse range of products.

### **(b) THE NEW MINI MARKET**

The goal of the New Mini Market is to introduce emerging farmers to the Market Food Hub packhouse environment and to encourage consistent production and supply of fresh produce and other related food items. It also aims to address the lack of consistent supply and the declining number of farmers and food quantities, while increasing market access opportunities. Each emerging farmer is given space to display their agricultural products during the quarterly Flea Market Days. The BCFPM has identified 246 local farmers (database) who produce various vegetable products, as well as a few fruit farmers, to be the main suppliers of the New Mini Market. The main/anchor business in the mini market is peppers (of all colours) and will be supported by other vegetable products. Fruits will be sourced from the commission system and, if necessary, from outside the market to increase the variety of food available to consumers. In the initial stages of the project, the commission system will not apply, and farmers will receive 100% of the profits from their sales, compared to the core business on the market trading floor.

### **(c) MEAT SALES**

Meat sales form an integral component of the Market Management vision, wherein customers and employees engage in purchasing fresh produce (fruit and vegetables) while immersing themselves



in the Food Hub Concept, transforming the market into a comprehensive One Stop Shop. The project's renovations have reached completion, and the designated tenant, serving as the operator, is anticipated to procure all agreed-upon meat varieties through collaboration with Market Management. Comprehensive contractual agreements with multiple meat product suppliers have been finalised. This specific business section is slated to commence operations at the end of October 2023.

### **FINANCIAL IMPLICATIONS**

6.1 The total expenditure for the construction of infrastructure and ablution facilities for the Food Hub is R2 601 160,00.

6.2 The total expenditure for the New Mini Market is R3 194 505,05. The combined total expenditure for both the Food Hub and New Mini Market projects is R5 795 665,05.

6.3 The renovations of the meat market facility, including the building and cold storage, amount to R2 million.

### **PICTURES OF THE FOOD HUB AND MEAT SALES FACILITY**







Figure 46: The food hub



**Figure 47: Turnips and spinach**

The images below are of the Meat Sales section.

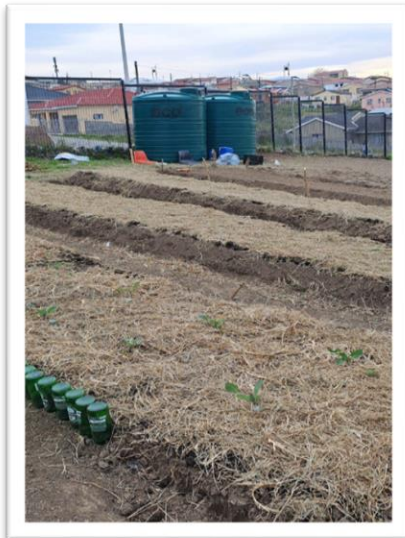


**Figure 48: The Meat Sales section**

**Ginsberg**

The Ginsberg site is situated within the premises of LG Forbes Senior Secondary School in Qonce, just a few kilometres away from the late Steve Biko's Residence. The training of participants at this site was concluded in June 2023. This group of 26 participants comprises

unemployed youth selected from the Tshatshu, Mdingi, Lenge, and Masingatha communities. Prior to the initiation of the training, participants began the process of clearing the site, demonstrating their dedication and commitment to the project.



**Figure 49: The Ginsberg site – participants' demonstration of commitment**

Water posed a challenge at this site. In addition to supplying standard workwear, tools, and garden inputs to the sites, two 5 000-litre water tanks were also provided for this site to address the water shortage issue, given that the taps on site were dry with no alternative water source. The Ward Councillor has agreed to organise a water truck to deliver water to fill the tanks. Delays occurred on the first day of training due to participants not organising the venue in a timely manner. Necessary arrangements with the principal were not made on time, resulting in the venue not being available at the scheduled training time.



**Figure 50: Venue unavailable on Day 1 of training**



**Figure 51: Participants engaged in training**

The participants extended the garden to include additional raised beds. It is anticipated that the participants will put in the required effort to make this garden a success.

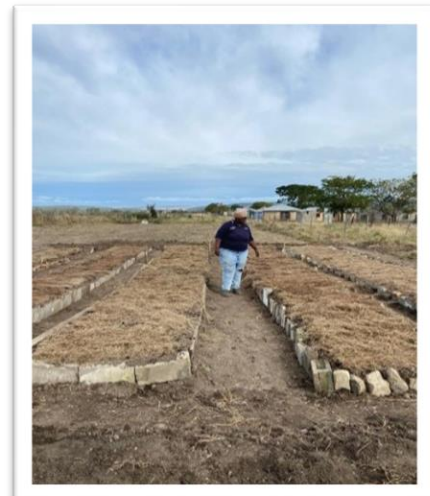


Figure 52: Extended garden with raised beds

## **Mxhalanga**

The Mxhalanga site is situated in Varoiy Village, approximately 15 kilometres outside of Qonce. Upon conducting an on-site inspection, it was observed that the designated area for the garden establishment was in good condition and would only require minimal clearing and preparation. However, a significant challenge that may arise in the future is the lack of water on this site. To address this issue, two 5000-litre water tanks have been provided along with all the necessary items, including workwear, garden tools, and garden inputs.

There are 15 participants assigned to this site, including a mix of youth and older females. The 5-day training on the introduction to agro-ecology began on 12 June 2023, and concluded on 19 June 2023. All 15 participants attended the training and remained until the final day. There was a 100% attendance rate at this site's training.



**Figure 53: Mxhalanga site**

## **Mdantsane NU7**

This site is located at a decommissioned school in Mdantsane. The site was overgrown with tall grass and bushes and required extensive clearing and preparation prior to the start of training. Although the school is abandoned, there is still access to municipal water via a single tap located about 20 metres from the site. The fencing is in good condition, but there are local people living within the school grounds who are not involved with this project. This could pose a potential risk as they may have unrestricted access to the produce, increasing the likelihood of theft. One



possible solution to this problem could be to secure the garden with a fence and restrict access to project members only. This option should be explored further in order to mitigate the situation.



**Figure 54: Mdantsane site**

A total of 52 participants were allocated to this site for training. They were divided into two groups, with two training sessions held. The first session began on 12 June 2023, and the second session began on 10 July 2023. The first group consisted of 26 participants, but only 23 attended the training session. The second group also had 26 participants, but 32 individuals were present at the second training session.



### **Mdantsane NU15**

The chosen area for establishing the garden is small and in suboptimal condition. The soil quality is poor, lacking any topsoil and resembling gravel. Additionally, there is no nearby water source, requiring participants to travel approximately one kilometre to access water from the NU15 Rent Office. Despite the presence of a local school near the site, the principal does not permit access to water there. The criteria for selecting potential sites included factors such as easy access to water, fencing, a secure environment, and good soil quality. Consequently, a new site within the same area was identified to better accommodate the participants.

A total of 26 participants were allocated to this site, selected from the Mdantsane and Potsdam communities. However, only 19 participants were present during the training and garden establishment held at the site from 3–7 July 2023.



**Figure 55: Training and garden establishment**

### **Ndevana**

The Ndevana site already hosts an ongoing agricultural project, featuring two vegetable gardens. Municipal water is accessible through two taps situated within the garden area. The property is enclosed with fencing and lockable gates, providing security. The management of these gardens is entrusted to a group of young, self-driven, and highly motivated individuals whose passion for their work is readily evident to all.

This site and the individuals involved were selected to participate in the programme to enhance their skills and provide a means to promote and expand the existing project into a more sustainable and income-generating operation. A total of 32 participants were allocated

for training at this site, with 9 participants already working there and an additional 23 participants selected from the Sweetwaters and Phakamisa communities.

The training on Introduction to Agro-ecology and Organic Farming was conducted from 19–23 June 2023, at the Ndevana project site. A total of 27 out of the allocated 32 participants attended this training session.



**Figure 56: Training at Ndevana site**



**Figure 57: Organic farming**



**Figure 58: Organic farming cont'**



**Figure 59: Participants at Ndevana site**

### **Qaga**

The Qaga site is a community project that already exists and is located on the property of a community member. At the time of selection, there was already some agricultural activity taking place, so the site was in a usable condition and did not require much preparation. The sole water source is a tap located approximately 5 metres away from the garden site. Unfortunately, this water source is unreliable, experiencing intermittent shortages that can last for weeks. In response to this challenge, two 5 000-litre tanks were provided to mitigate water

supply issues, particularly during periods when the main supply is not functional. The site is securely enclosed with well-maintained fencing, and access is controlled with a locked gate after hours.



**Figure 60: Qaga site**

The training in Introduction to Agro-Ecology took place at the Qaga Village site in Qonce. It began on 12 June 2023 and ended on 19 June 2023, spanning a 5-day period. There were 19 participants in attendance, all of whom remained until the final day. While the participants were eager to learn and engage in the practical aspects of establishing a garden, it was evident that they had no prior formal agricultural training. In fact, a few of them had never worked in vegetable gardens before the training. It should be noted that one of the selection criteria was for participants to have some formal agricultural background, skills, or be actively involved in community agricultural projects. This requirement is crucial to ensure participant commitment and achieve long-term success.

During the training session, the participants were divided into four groups. Each group worked under the guidance of a facilitator to construct a raised bed. The dimensions of each raised bed were 10 metres in length and 1,5 metres in width, with a 1 metre gap between them serving as a footpath. The width allows for easy passage of a wheelbarrow and wheelchair accessibility. All participants actively participated in the construction process, demonstrating their eagerness to learn. In total, five raised beds were completed and planted during the training period. The participants were then responsible for extending the garden by erecting additional raised beds and planting them with seedlings.



**Figure 61: Constructing a raised bed during training**



**Figure 62: Participants at Qaga Village site**

### **Phumlani**

This coastal site is situated within the school grounds of Phumlani Thembaletu Primary School, which is located in Needs Camp, Phumlani Village. However, the fencing is not very secure, and there are several broken areas where animals can easily access the site. This poses a concern for the future, as stray animals could potentially compromise and consume the existing crops. On a positive note, there is an adequate water supply from the municipal tap, as well as two existing water tanks. The soil, though, has a clay texture and requires

additional nutrients to support vegetable production. To address this, nutrient-rich compost was added to improve soil quality and enhance water retention.



**Figure 63: Phumlani site situated within Phumlani Thembaletu Primary School**

The training on agro-ecological and organic farming began on 3 July 2023, and concluded on 7 July 2023, lasting for a period of five days. The training consisted of one day of theory and four days of practical work. During the practical component, participants were expected to apply the skills and knowledge acquired during the theory sessions, thereby reinforcing the information necessary for effective skills transfer. A total of 35 participants were assigned to this training site, but only 29 attended. These participants are young adults from the Boxwood and Silverdale communities.



**Figure 64: Participants undergoing training**



The participants were actively engaged in the training and garden establishment process. As a result, they have already constructed six additional raised beds and are currently in the process of expanding the site further by adding more raised beds.





**Figure 65: Participants actively engaged in the training and garden establishment process**

### **Sunny-South**

The Sunny-South site is situated in the popular Kidd's Beach area, which used to have pineapple factories. It is located within Brayside Primary School, which has an existing but poorly maintained vegetable garden. Prior to site selection, the garden was inactive and not producing any crops. The site is securely fenced and has locked gates. While there is access to municipal water, the taps are located over 100 metres away from the garden. To address this issue, the site needs two 5 000 litre water tanks to store water closer to the garden and ensure easy access for irrigation.

Participants for the training were selected from the Ncerha, Kuni, and Tsholomnqa villages. A total of 39 participants were allocated to this site. The training commenced on 3 July 2023 and was completed on 7 July 2023.

However, only 35 participants attended the training. Those who did not attend cited distance as a problem, explaining that they could not arrange transportation to the site. The participants who did attend the 5-day training included both youth and adults. They exhibited great enthusiasm throughout the training period, and we anticipate positive results on this site.



**Figure 66: Participants undergoing training at the Sunny-South site**

Project activities on this site have just commenced, and the site will be monitored on an ongoing basis over the next few months.



**Figure 67: Project activities taking place**



**Figure 68: Establishing of gardens**

### **Nxarhuni**

The Nxarhuni site is situated at the Nxarhuni Primary School in Newlands. Despite the presence of an abandoned garden, recent activity has been minimal, resulting in overgrown weeds and grass. Within the garden, a tap supplies municipal water. Before the training, the old garden was dug over, and a larger area surrounding it was also cleared and prepared for the establishment of a new garden.

The training took place at the site from 3–7 July 2023. Initially, 22 participants were allocated to this site, but only 19 of them attended the training. The participants were young adults from the Khwetyane and Ntsokotha communities. They were enthusiastic and energetic individuals who fully engaged in the training and the sessions for establishing the garden. Their dedication to the project was evident when they each contributed R50 from their personal funds to purchase extra seedlings in order to further the objectives of the garden.





**Figure 69: Training and establishing of gardens at Nxarhuni site**



**Figure 70: Participants at Nxarhuni site**

## **Nkosiyane**

The Nkosiyane site is located in Nkosiyane Village, near Dimbaza. Initially, there were 10 individuals already working on the site before it was included in the project. Additionally, nine individuals from Pieri Mission were assigned to this site solely for training purposes. At the time, the site already had two small, basic cabbage gardens.

There was also an empty area on this site that was designated for the planned training and establishment of the garden for the project. However, the fencing around the area was poorly maintained. Furthermore, there was a challenge with water availability since the only access point was a single tap and a small 250 litre tank which was not situated near the allocated site. As a solution, an additional 5 000 litre tank was provided to assist with water storage and serve as a backup when there was no water supply.



**Figure 71: Participants at the Nkosiyane training site**

There were 19 participants assigned to the training at this location. The majority of these participants were young unemployed adults. The training workshop began on 12 June 2023, and had a perfect attendance rate. Throughout the training period, these participants worked diligently on establishing the garden.



**Figure 72: Committed to establishing the garden**



**Figure 73: Establishing the gardens at Nkosiyane training site**

The garden has been expanded with eight additional raised beds, all of which have been planted with a variety of seedlings. The participants' commitment is promising, and we anticipate a successful outcome.





**Figure 74: Participants at Nkosiyane training site**

### **Southernwood**

The Ruliv on-site agroecological garden in Southernwood was selected as the training site. This location was chosen because it is centrally located and easily accessible to participants from Ducats, Reeston, Braelyn, Kwelerha, and Duncan Village. The raised beds were already in place, which saved time in preparing them for planting. Additionally, there are twelve water tanks on site, providing an abundant source of water. Although not originally planned, participants also had the opportunity to observe the existing Vermicomposting operation on site, giving them a first-hand view of how it is managed.

Training took place from 10 – 14 July 2023. A total of 35 participants were allocated to this site, but only 25 attended the training.



**Figure 75: Attendees at the Southernwood training site**

Participants were enthusiastic and fully immersed themselves in the training process. Tools and garden inputs, such as seedlings, were issued to participants at the end of the training session. The intention was for these items to be utilised in the establishment of their own community gardens. Ruliv will continue to assist these participants with mentoring and provide advice when requested.





**Figure 76: Establishment of gardens at Southernwood training site**

### **FOOD SECURITY PROGRAMME (PRODUCTION INPUTS)**

Based on poverty index statistics and food insecurity in the BCM jurisdiction, the BCMM, through the Economic Development and Agencies Directorate, supported emerging farmers with the provision of essential production inputs such as seedlings, fertilisers, chemicals, garden tools, and animal feed. The primary objective of this programme is to bolster household and backyard gardens, thereby contributing to enhanced food security. Additionally, the initiative aims to empower farmers to sell their surplus produce to local markets and hawkers, thereby fostering economic opportunities and job creation within the community.

Farmers were chosen to receive support through a structured application process. Collaborating with officials from the Department of Rural Development and Agrarian Reform (DRDAR), our team conducted on-site visits to verify the presence of gardens or agricultural activities among the applicants. Recommendations for approval were subsequently formulated. In this collaborative effort, BCMM facilitated the provision of production inputs, while technical support was extended by the DRDAR.

Beneficiaries are affiliate members of commodity groups and Farmer's Associations, which are local agricultural structures that support emerging farmers.

The Table below provides a list of various farmers and communities that have been supported with garden tools, fertiliser, seedlings, and agricultural chemicals:

**Table 91: Farmers/communities provided with garden tools, fertiliser, seedlings, and so on**

<b>NAME OF GROUP</b>	<b>LOCATION</b>	<b>PACKAGE</b>
Ilima Labantu	Twecu	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Phuhlani	Kwetyana	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Ilinge lethu	Phumlani	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Kwelerha Hydroponics	Kwelerha	Fertiliser
Mrs Mkhosana	Quzini	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Masingatha Community Project	Masingatha	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Mdantsane Producers	NU 14 Mdantsane	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Qalashe Project	Qalashe	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides

Mzontsundu	Zwelitsha	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Nompumelo Project	Ducats	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Ngwenyathi	Nxarhuni	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides
Sisonke Community Project	Nomgwadla	Cabbage and spinach seedlings, wheelbarrow, garden tools, pesticides

## **AGRI-VILLAGE**

Agri-village serves as a comprehensive farmer support centre, offering diverse assistance to farmers from various stakeholders. This aid encompasses a spectrum of services, ranging from technical guidance and production centre facilitation to training sessions and the provision of input supplies. The initiation of an Agri-village at Sekunjalo Training Centre was made possible through grant funding from the ISUPG, facilitated by the BCMM.

This project was prompted by the pressing needs of surrounding communities, which expressed a demand for training and incubation in diverse farming skills. The objective is to bolster the livelihoods of these communities and fulfil market demands. The primary focus of the Agri-village is to support farmers in the neighbouring wards, specifically Wards 33, 31, 32, and 42, where a significant number of emerging farmers reside.

Sekunjalo Agri-village is designed to include hydroponic tunnels, infrastructure for both layers and broiler chickens, aquaculture facilities, and more. Due to budget constraints, the project is being implemented in phases. Future phases may expand the Agri-village to accommodate additional sectors, such as tourism, potentially incorporating facilities like backpackers.

The project comprises a 10-bay tunnel structure with plastic coverings, fencing, the installation of irrigation systems, water harvesting mechanisms, a fertigation house, and electrification, with a total cost of R6 638 800. Throughout the construction phase, 13 temporary workers were employed.

The constructed tunnels are anticipated to yield approximately 50 tons of tomatoes per season, catering to both local and overseas markets.

### **MBEKWENI HYDROPONICS**

BCMM recognised the cultivation of vegetables under controlled conditions as a vital solution to address climate change and ensure year-round food production. Consequently, hydroponic tunnels were introduced. The programme also includes *urban agriculture*, promoting intensive food production in small land areas.

An application for assistance was received from a group of women who produce vegetables on a large scale for both formal and informal markets. This group cultivates various high-quality vegetables, including cabbage, spinach, peppers, onions, and tomatoes, on open land donated by the Municipality in 2016. The group, known as Imvelo Yethu Agricultural Cooperative, is located in Mbekweni village, Ward 24, which is near Fort Jackson.

The project not only creates employment opportunities in the area but also addresses food and nutrition insecurity. The group received funding amounting to R 3 032 550 for the establishment of a hydroponic tunnel. During the construction phase, 16 people were employed on a temporary basis, each having different roles and responsibilities.

### **FENCING OF ARABLE LAND**

BCMM advocates for the support of farmers and rural communities by fencing arable land through its Agricultural Infrastructure programme. The main purpose of supporting emerging farmers with fencing is to promote resource management and conservation in accordance with the National Resource Management Act of 1983.

The Directorate supported the Iphulo Primary Agricultural Cooperative of Potsdam North, Ward 24 of BCMM, located in Unit P. The cooperative was established in 2018 and has 14 members, including 4 males and 10 females. The aim of this cooperative is to generate income by selling vegetables to locals and the fresh produce market while creating employment for themselves. They grow a variety of vegetables on a 4-hectare area, including cabbage, spinach, beetroot, lettuce, potatoes, and green maize. The Department of Social Development supported the cooperative with portable irrigation equipment consisting of a pump and microjet sprinklers. The Business Development Unit committed to training the cooperative on basic finance, business ethics, and cooperative principles.

The project currently employs four employees, with the number increasing during the peak season. Local people benefit from this project through the supply of fresh vegetables and employment opportunities.

## **CAPACITY BUILDING**

The Unit has been providing ongoing Capacity Building programmes to SMMEs in partnership with other stakeholders. During this period, the following workshops and trainings were held:

### 1.1 Workshops

In August 2022, the Mdantsane Business Support Centre (Midland) hosted a SARS workshop for newly registered SMMEs. The main focus of the workshop was to address compliance matters that SMMEs must adhere to when running a business. The workshop covered various areas, including Provisional Tax (IRP6), annual tax returns (ITR14), VAT, Small business corporation (SBC) incentives, Tax clearance certificates, and eFiling. More than 50 business owners attended the workshop.

### 1.2 Trainings

- a) In partnership with Nemisa, the Unit provided Digital Entrepreneurship Training. This training focused on how SMMEs can take advantage of digital platforms to grow their businesses. The training covered various topics, including being an entrepreneur in the digital sector, changing the narrative, managing your existing business, and growing your digital enterprise. A total of 69 companies benefited from this training.
- b) In partnership with ECDC, the Mdantsane Business Support Centre hosted a three-day financial management training for SMMEs operating in Mdantsane and the surrounding areas. The training covered the following areas:
  - **Day 1**
    - Strategic direction and the importance of record keeping for a business
    - Criteria for a price setting policy
    - Analysing internal and external factors that influence pricing decisions
    - Understanding the relationship between costs, revenue, and profits.
  - **Day 2**
    - Financial aspects of running a business
    - Cash flow management

- Accounting system to manage business operations
- **Day 3**
- Analysis of an income and expenditure statement
- Analysis of a balance sheet
- Make a financial decision based on financial statement

On the final day of the training, an evaluation was conducted. The majority of the SMMEs expressed their excitement about the training and recommended that more sessions be held. They also made a commitment to practice what they had learned during the session. A suggestion was made to visit the businesses to monitor whether the owners would implement the programme's teachings.

### 1.3 SMME Roadshows and Awareness Campaigns

SMMEs were invited to an information-sharing session, where various stakeholders offering financial support presented their offerings with the goal of elucidating funding opportunities. The participating stakeholders included First National Bank, the Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), ABSA Bank, and Eastern Cape Development Corporation (ECDC). Over 100 SMMEs attended the information session.





**Figure 77: SMMEs attending information-sharing session**

### **Infrastructure for informal trade sector – Hawker (container) stalls**

The country is facing several developmental challenges, such as high unemployment, poverty, and increased rural-urban migration. Informal trade can play a crucial role in addressing these challenges.

According to the StatsSA report, approximately 2 689 000 South Africans work in the informal sector, with about 1 101 000 or 41% engaged in informal trade. This highlights the significant contribution of informal trade to the economy. Recognising this, the National Government understands the importance of allowing the informal sector, including informal trade, to flourish.

Based on the above, the Unit has been working towards creating a favourable environment for the sector to thrive by providing necessary infrastructure for informal trade. This ongoing programme aims to restore dignity to ordinary citizens who have faced challenges due to

unfavourable weather conditions. The provision of hawker stalls (containers) at Ndevana location in Ward 49 and Ilitha Township in Ward 45 is part of this effort. These hawker stalls accommodate approximately 30 informal traders. The total budget allocated for these projects is R6 193 122,77, covering expenses such as site preparation, clearance, slabs, containers, furniture for stalls, and electricity. The stalls are designed to cater to traders in the food, beauty, salon, and nail industries, among others.



**Figure 78: Ndevana hawker stalls**



**Figure 79: Ilitha hawker stalls**

#### **1.4 Equipment and Machinery Support**

Equipment and machinery are essential tools used in the operation of a business. It is crucial for an SMME to invest in equipment that allows employees or the business to work more

efficiently, reducing manual and repetitive tasks. This, in turn, can increase overall productivity.

The Unit has consistently supported SMMEs and cooperatives by providing them with equipment and machinery to help grow their businesses. This support aims to enhance the quality of service and improve turnaround time. The following businesses have been supported during the reporting period:

### **TK Cabinets Works**

TK Cabinets Works is a business that specialises in manufacturing custom-made furniture, including office, dining, lounge, bed, and kitchen furniture. The company currently employs two individuals and has recently been equipped with new machinery, including an SP spindle moulder, a feeder unit, and a compressor. In addition, the business has received financial support to the amount of R125 350 00.

### **Akahlulwa Trading**

Akahlulwa is an individually owned catering business that specialises in baking. The business has been supported with the following equipment:

- F9S2E3. FDID – Ferre 4 Gas 2 Elec Oven, Ignition, Turbo Fan
- KVC5100S – Kenwood Elite Chef XL Silver
- MDF454 – Chest Freezer Defy CF410HC ECOW.

The total budget that has been spent supporting the business amounts to R23 197.

### **Ukhanyo Youth Development**

Ukhanyo Youth Development, situated in Duncan Village and operating within the Duncan Village Art Centre, is an individually owned business. The proprietor has sought specific equipment, including a Vinyl Cutter, ECO Solvent printer, and Embroidery Machine. Operating under the trade name UYEPTRAC General Trading, the business has received support in the form of a Vinyl Cutter, valued at R20 000.

### **Lathitha Trading Projects**

Lathitha Trading Projects is a start-up gas refill and exchange company based in Reesten, East London. In order to trade with gas, the operator is required to obtain a fire installation permit from the City's Fire Department, which allows them to store up to 500 kg of gas tanks.

The business has successfully secured a container and requested support for equipment to refill gas and tanks. They have been provided with the following:

- 5 x 9 kg gas cylinder with gas
- 5 x 14 kg gas cylinder with gas,
- 5 x 19 kg gas cylinder with gas,
- 5 x 48 kg gas cylinder with gas,
- 2 x gas filling hose

The total support amounts to R70 000.

### **Idyllic Treats Eatery**

Idyllic Treats Eatery is a female-owned business located in Nahoon, East London. It has been operating for the past two years and employs five full-time employees, who are all youth. The business has been generously supported with the following items:

- 1 x Sliding door double cooler fridge
- 1 x 8-piece catering pot set
- 4 x Rectangular wooden café table
- 30 x Glass beaded underplate 27 cm
- 30 x Floral satin napkins
- 10 x Rectangular platter
- 30 x Wine glasses
- 30 x Champagne glasses

The total budget spent in supporting the business amounts to R30 456.

### **Glam Goddess Hair Saloon**

The Glam Goddess Salon, a hair and beauty establishment, commenced operations in 2021 in Gonubie, East London. Despite limited resources, the salon is fully functional and currently employs two permanent staff members. Additionally, the salon has received support in the form of the following items:

- Urma shampoo bed and basin
- Geyser
- Wood massage bed
- Shrike styling chair

- Make-up chair
- Curler

The amount that has been spent supporting the business is R20 200.

### **Rest and Be Remembered Funeral Home**

Rest and Be Remembered funeral home is a business offering funeral services in Qonce and the surrounding areas. Established in 2015, the business has generated employment opportunities for ten individuals within the local community. However, due to several challenges, the business has been operating with limited equipment, falling short of compliance with standard regulations for funeral services.

In response to this, the business has sought support and successfully procured various pieces of machinery, including:

- Executive church trolley
- Lowering device
- Ngcawa holdings

The business has received support in the form of machinery, with a total value of R60 000.

The company began operating in 2019 in the areas of Phakamisa and Zwelitsha, offering grass cutting and tree felling services. They currently employ one full-time employee and have five seasonal workers. Due to the high demand for their services, they have requested assistance in acquiring additional machinery. Operating with limited machines has made it difficult for them to keep up with the demand. To address this issue, machinery worth R30 000 has been purchased for the business:

- Lawnmower
- Brush cutter
- Trimmer

### **Market access**

There is a consensus that the small business sector serves as the backbone of many emerging economies, making a substantial contribution to their GDP. Despite this vital role, small businesses frequently face challenges in achieving success, primarily attributed to a scarcity of market opportunities and restricted marketing options. The access to markets is pivotal for the growth of small businesses, underscoring its critical role in their overall success and sustainability. Therefore, the Unit has been providing ongoing support to

expose small businesses to marketing platforms, allowing them to showcase their products at events such as the Grahamstown Arts Festival and Mangaung African Cultural Festival. Additionally, two other businesses were supported in advertising their services through virtual platforms, specifically by being featured in Your Home Magazine, a virtual magazine accessible to both local and international audiences.

### **Exporter Training:**

The Export Helpdesk played a pivotal role in facilitating the participation of Buffalo City companies in the Export Preparation and Regulations Training, conducted in collaboration with Trade Forward South Africa (TFSA). TFSA is a programme funded by the UK government, dedicated to providing support and services to exporting and export-ready businesses in Southern African Customs Union (SACU+M) countries.

The training is designed to enhance opportunities for Buffalo City companies to participate in the UK market. Specifically, it aims to empower women-owned enterprises by addressing non-technical barriers related to goods. The overarching goal is to enable companies to actively seize the opportunity to play a more significant role in international trade.

The training not only delivers topics that ensure export readiness and compliance with regulations but also provides post-training mentoring and coaching to ensure the application of learned concepts. It serves as a gateway to new opportunities for companies to access international markets, find new sources of demand, and build value through exposure to the UK market. The training is sector-focused, targeting natural ingredients, cosmetics, fruit and nuts, vegetables, green technology, and aquaculture. A total of eight companies benefited from the training.

### **Exporter Development Programme Graduation:**

Buffalo City Companies were among the 10 companies honoured with training certificates upon successfully completing the 12-month Exporter Development Programme. This programme is designed to aid local companies in initiating their exporting ventures, offering tailored support for companies at various stages of development. The goal is to ensure that the ECDC provides focused and effective support to facilitate their growth. Furthermore, the programme systematically tackles the primary challenges encountered by companies before venturing into the export market. These challenges encompass navigating foreign markets that may be excessively competitive or not financially viable, establishing

connections with potential buyers, managing export documentation, adapting products for the international market, and addressing the associated costs related to marketing, transportation, and logistics.

**Inward Missions:**

Within the framework of the Export Symposium, the Help Desk played a key role in organising incoming buying missions from Ghana, Kenya, and Ethiopia. The primary purpose of the visit by foreign representatives to the BCM was to explore the trade and investment environment. Their goal was to identify synergies and establish linkages with the local business community, aiming to unlock the potential value anticipated from the Continental Free Trade Area (CFTA).

**Outward Missions:**

The Export Helpdesk played a key role in enabling the participation of companies from Buffalo City in the Ghana Outward Selling mission. This collaborative effort between Wesgro and the Tshwane Economic Development Agency aimed to promote Buffalo City companies in the Ghanaian market, serving as a strategic entry point into the broader West African market.

**Exhibitions:**

Two companies from the City attended the Leather and Footwear Show in Melbourne, Australia, on 15–18 November 2022. They exhibited under the South Africa National Pavilion led by the Department of Trade Industry and Competition (DTIC), along with other companies from various provinces. The DTIC provides a platform for South African companies to showcase their products in international markets. The DTIC covers the costs of exhibition space, booth rental, transportation of samples, return air tickets, and accommodation. The Buffalo City Export Helpdesk supported the companies with visa application fees.

The Footwear & Leather Show Australia connects Australian and New Zealand trade buyers with manufacturers and suppliers from around the world. The event focuses on footwear and leather accessories, apparel, and textiles, and provides industry professionals with a way to source internationally, participate in industry seminars, and build business opportunities. Stardom Design, based in Mdantsane, received an order worth R15 000,00 at the show.

Two other companies from BCMM participated in the 57<sup>th</sup> BME Symposium & Exhibition. Their participation was a collaboration with the Tshwane Economic Development Agency

and the South Africa Electrotechnical Export Council. The companies exhibited at the show and also attended B2B meetings. The BME Symposium included workshops discussing topics such as sustainable supply chain, meeting increasing demand, rethinking procurement mandates, and improving raw material demand. The key theme of the event was sustainable procurement solutions.

Concurrently, the MEC for Economic Development in the province led an Eastern delegation to Germany with the aim of strengthening and reinforcing relations with key partners and investors, such as Volkswagen, Mercedes Benz, and other partners in the Renewable Energy Sector. One of the participating companies, Hlonela Engineering, also took the opportunity to visit Sun Farming in Erkrner as part of the delegation. Sun Farming is a German Renewable Energy Investor that was recommended for its potential in renewable and agricultural commodities. Hlonela Engineering had the chance to engage with Sun Farming and highlight the assistance they can provide in setting up operations in the province.

Two companies from Buffalo City participated in the Gift & Lifestyle Exhibition Show in Dubai, Middle East. They exhibited under the South Africa National Pavilion led by the DTIC. These companies are in the Footwear and Leather sector, and the show was funded by the DTIC, covering the costs of exhibition space, booth rental, transportation of samples, return air tickets, and accommodation. The trade show served as a platform for companies to showcase their products, participate in seminars, and engage in business-to-business meetings. At the Gift & Lifestyle Middle East trade show, El Elyon, one of the participating companies, received an export order worth R450 000,00.

Three companies participated in the Africa Energy Indaba Exhibition, which took place alongside the annual conference at the CTICC from 7–9 March 2023. The exhibition provided an opportunity for companies to showcase their solutions for the benefit of Africa, while the conference allowed for discussions and debates on how to ensure sufficient energy generation across the continent. Additionally, the online platform enabled manufacturers to connect and network with international buyers who were unable to physically attend the exhibition.

#### **Trade Seminars and Workshops:**

The Export Helpdesk hosted an Export Awareness Seminar on the 22 November 2022 at Parkside Hall, East London. Attended by diverse stakeholders from both government and



businesses, the event featured presentations from entities such as ECDC, ABSA Bank, SARS, and SEDA, wherein they shared their respective service offerings.

**Workshops:**

On 5 December 2022, the Buffalo City Export Helpdesk, in collaboration with the USAID Trade and Investment Programme, organised a stakeholder engagement and consultation workshop. The workshop specifically centred on the USAID Trade and Investment Buy-In programme, designed to assist Southern African companies in comprehending market constraints within the agriculture and agri-business market systems for trading with the United States. The primary objective of the workshop was to introduce the new programme and discuss the key activities planned under the Buy-In programme, as well as providing insights into what companies and partners can anticipate. Two companies from the city participated in the workshop.

**Partnerships:**

**Invest Buffalo City Initiative**

The City has a partnership agreement with the Border Kei Chamber of Business to drive investment into the City through the Invest Buffalo City Initiative programme. The initiative aims to establish an economic growth coalition to support both existing and new businesses in the City. Invest Buffalo City focuses on four main aspects: Invest, Live, Work, and Play. It aims to provide a coordinated and comprehensive approach to investment promotion, acting as a one-stop-shop for the City. Additionally, it offers project management support for key initiatives identified under the MGDS, which aim to enhance the business environment. The City has allocated an investment of R500 000 for the partnership.

**Dimbaza Industrial Park**

This is a partnership initiative with the Eastern Cape Development Corporation (ECDC) aimed at revitalizing the Dimbaza Industrial Park. During the 2022/23 financial year, the City has invested R3,5 million into the project, which is being led by the ECDC. Dimbaza was chosen as one of the Industrial Parks to receive support for revitalization from the DTIC.

Currently, the occupancy rate stands at 20%. According to the ECDC, there are 15 investors in the pipeline who are waiting for the completion of certain infrastructure upgrades before moving in. The funding provided by the City has predominantly focused on infrastructure upgrades. Thus far, local SMMEs have reaped the benefits of the programme, leading to

the creation of over 20 jobs for the community of Dimbaza and the surrounding areas.

**T3.11.11**

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### **3.12. INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, AND OTHER (THEATRES, ZOOS, ETC)**

#### **INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES**

The Directorate of Sport, Recreation and Community Development is responsible for all community and social services within BCMM space. This includes libraries, aquarium, zoo, community halls, swimming pools etc.

#### **LIBRARY SERVICES**

Buffalo City Council manages 19 libraries, two Mobile Libraries, three Prison Depots, and three Old Age Home Depots, serving a total of 96 318 subscribers on behalf of the Provincial Government. In the 2022/2023 financial year, the Provincial Government subsidised the Council's Libraries operating budget with R15 870, contributing to the overall budget of R46 000 000.

Libraries play a crucial role in serving all BCMM communities, with a particular focus on enhancing the lives of information-deprived communities currently facing limited access to information and books. The library collections encompass a wide range of fiction and non-fiction books, including reference materials, study resources, autobiographies, travel guides, recipe books, and more. The services cater to diverse age groups, including adults, children, and teenagers, spanning pre-primary, primary, and high school students from the surrounding areas. Additionally, the libraries extend their services to tertiary students, working adults, unemployed adults and youth, and the elderly within the community.

The libraries are widely utilised by the unemployed and jobseekers, offering valuable assistance through subscriptions to newspapers featuring employment advertisements. A significant portion of the user base consists of individuals with varying levels of literacy, including those who are illiterate or semi-literate. A crucial service provided by the libraries involves aiding users in completing

necessary documentation. Furthermore, all library users have access to specific newspapers containing employment advertisements, ensuring they stay informed about local and international current events. Membership (NOT subscription) entitles cardholders to borrow certain library materials to take home. The subscriptions are paid for by the libraries to obtain the newspapers.

Libraries actively promote Early Childhood Development programmes and the Joyful Reading initiative, fostering a love for books and reading among children from a very young age. These programmes extend to caregivers, providing valuable sessions on the significance of play in children's lives. The libraries play a pivotal role in nurturing a supportive environment that encourages early learning and literacy.

Outreach events are regularly held to promote and encourage the usage and love of libraries, as well as highlight their importance to all members of the community. Some of these events, such as National Library Week, National Book Week, and World Play Day, are celebrated in partnership with the Department of Sport, Art & Recreation (DSRAC).

In Buffalo City, libraries serve diverse functions and needs beyond being a place for reading and borrowing books. They also focus on grassroots education, empowerment, and economic development, serving as hubs for life-changing community-based activities and programmes. It is important for these libraries to address both the local practice and grassroots experience of making a community library a viable place for positive transformation. Additionally, they should strive to expand their offerings to meet the changing needs and priorities of the community.

The Central and Gompo Libraries have established Mini-Libraries (Mini-Libs) for the blind in collaboration with the Eastern Cape Office of the Premier DSRAC, BCMM, and the South African Library for the Blind. These Mini-Libs continue to provide services to blind citizens of Buffalo City.

The South African Library for the Blind (SALB) provides a library and information service to blind and visually impaired individuals. This includes producing accessible South African reading materials, developing a comprehensive library collection, and offering advisory services to promote information accessibility.

## **Highlights**

The purchase of library materials for all libraries in the BCMM included approximately 813 new books covering a range of genres, such as non-fiction, fiction, African literature, and political books.

Book donations were received with an approximate value of R100 000,00.

In February 2023, a new library was opened in Dimbaza by the MEC of Sport Recreation Arts and Culture. This library also houses a Mini-Lib for the blind, established in collaboration with the SALB.

Through a collaboration between the Central Library and Pendsync Training, funded by SETA, a group of 25 students successfully completed a South African Qualifications Authority (SAQA) recognised certificate course in camera work, lighting, and other filming techniques. This provides valuable skills for the youth to take advantage of the growing EC film industry.

Gompo Library, in collaboration with Heritage, has formalised the process of being renamed the Lawrence Tutu Library. This renaming is a tribute to the community struggle activist, Lawrence Tutu, who dedicated his efforts to the fight for rights and literacy in the community.

A partnership involving the Central Library, Heritage, and the AMAZWI Language Museum in Makhanda led to an exhibit on Noni Jabavu, the pioneering EC journalist and writer. This display has successfully generated increased awareness of Ms Jabavu among patrons of the Buffalo City Library.

The display was lent to the Central Library for three months and concluded with a day of celebrating writing, media, and the importance of reading aloud on International Read Aloud Day. A team from AMAZWI conducted a demonstration for a group of 50 high school learners, highlighting the significance of fluent reading aloud skills, particularly in careers such as news-reading. The learners actively engaged in hands-on activities, utilising video cameras to film each other as they practiced reading aloud.

Beacon Bay Library obtained sponsorship from the locally-based corporation Nestle and their BarOne brand. Nestle's support included the installation of an inverter and solar panels, followed by the provision of Wi-Fi services. As a result, Beacon Bay Library is now resilient to load shedding, ensuring uninterrupted and technologically up-to-date services for the public.

## **Challenges have been recorded in respect of the following:**

Insufficient funding received from the Provincial Department for the operation costs of libraries in BCM, including the expansion of library services into much-needed areas such as rural areas.

Absence of Mobile Libraries to provide library services in rural areas where there are no existing libraries.

Inadequate funding has resulted in a decrease in subscriptions to periodicals. The library no longer offers magazines, and only receives the Daily Dispatch and Sunday Times newspapers. Patrons no longer have access to Jobmail, City Press, and Mail & Guardian. This has compromised our services for those who need them the most.

The Provincial DSRAC is still in the process of implementing the uncapped Wi-Fi provision due to some remaining setup tasks.

Libraries have been subject to criminal activities over the past year, with branches like Mdantsane NU2, Parkside, Gonubie, and Central experiencing incidents of vandalism and break-ins. Parkside and Gonubie, in particular, have been targeted multiple times. These incidents have led to the loss of equipment, including personal computers (PCs). Unfortunately, the insurance process is time-consuming, and the resulting pay-outs are insufficient to cover the cost of purchasing equivalent new equipment.

Revenue from paid library subscriptions (as opposed to free membership) has decreased. This is because only non-residents who do not own property or pay rates in BCMM are required to pay for membership. As the local authority has expanded from EL to the larger BCM area, more people have become residents and/or ratepayers in the metropolitan area, thus no longer needing to pay for library services.

Essential posts remain unfilled due to the current moratorium on posts.

### **Solutions/Remedial Action**

To engage with the DSRAC to discuss the possibility of receiving additional funds from their budget. Additionally, provide the DSRAC with comprehensive library statistics as evidence of the extended services being offered.

Provide mobile libraries to Coastal, Midland, and Inland libraries.

Resolve this matter by engaging with DSRAC and Buffalo City Metro ICT Division.

Install a container cottage at Parkside for a live-in security guard. Encourage community policing forums to collaborate with community libraries to foster a sense of ownership in the relevant communities. Review security measures in all libraries.

Advertise and fill all vacant library positions permanently.

## **COMMUNITY HALLS**

BCMM manages 29 tariff-levying halls, which were previously known as the East London and King William's Town Transitional Local Council Halls. These halls have now been divided into Inland, Midland, and Coastal Areas. They have their own operating budget and staff.

BCMM has also inherited 53 non-tariff levying halls from the ADM. The BCMM Land Administration Division is currently working on transferring ownership of these halls from the ex-ADM to Buffalo City.

BCMM does not have control over the use of the halls inherited from the ADM, and no tariffs are levied for these halls. Additionally, they do not have an operating budget or staff. Many of these community halls are in need of upgrades and refurbishments, which are estimated to cost more than R110 million.

Community halls and facilities offer a wide range of community-based education, cultural, recreational, health, social, and leisure activities. They also provide limited commercial opportunities that contribute positively to the local environment.

These community halls and facilities are used by various community groups, organisations, commercial hirers, individuals, as well as BCMM councillors.

The landscape areas surrounding the community halls and facilities complement the built environment and enhance their usability and value to the community.

## **SERVICE DELIVERY PRIORITIES**

1. The goal is to construct new community halls in BCMM to meet the needs of the communities, as requested through the IDP and based on the availability of funding. One community hall has already been successfully constructed and handed over to the community. Currently, two more halls, NU 3 Mdantsane and Egesini Halls, are in the process of being developed. It is expected that these facilities will be completed in the 2024/2025 financial year.

2. The objective is to maintain the existing community halls within BCMM, ensuring they provide a basic level of functionality and service to the communities. Maintenance is carried out at the 29 tariff

levying halls as needed and within the limited budget. This ensures that the facilities are operational and meet the needs of the communities.

3. The aim is to upgrade and refurbish existing community halls and facilities as required and as outlined in the IDP. However, this is dependent on the availability of budget. BCMM plans to upgrade at least five community halls each year.

In cases of poor performance, the main cause is the inadequate budget allocated for the necessary maintenance, upgrades, and refurbishment of the halls and community facilities. The absence of armed response security systems and guards further contributes to continuous vandalism, which in turn increases the need for additional funding. To improve performance, measures include requesting additional budget and assessing the security requirements of the facilities.

Under specific conditions and criteria, BCMM provides temporary housing in the halls and community facilities for communities affected by disasters, such as the burning of dwellings in informal settlements. These facilities are also made available free of charge for public gatherings and funerals.

## **ZOO**

The zoo has recently reopened to the public following the COVID-19 pandemic. It provides a distinctive opportunity for individuals to closely observe wild animals and gain insights into the significance of conservation efforts. Positioned conveniently near the town centre and offering affordable entrance fees in comparison to local game parks, the zoo is easily accessible to the local community, fostering an environment that encourages learning and appreciation of wildlife.

## **AQUARIUM**

The aquarium operates as a division within the Community Development section of the Directorate of Sport, Recreation, and Community Development. This public facility serves a vital role in community upliftment by focusing on environmental conservation, community education, and the provision of recreational and leisure opportunities. It caters to both residents and visitors of Buffalo City, contributing to the overall well-being and enrichment of the community. Showcasing a diverse array of animal species, the aquarium stands as one of the oldest in the country. Its marine-centric environment holds particular value for the coastal communities within and surrounding the City. Beyond its educational mission, the aquarium actively oversees and manages wildlife and marine



spaces along the Metro coastline. A team of ecological and biological experts addresses wildlife and natural heritage issues comprehensively, extending support to public, private, and internal departments as required.

**T3.12.1**

**SERVICE STATISTICS FOR LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, AND OTHER (THEATRES, ZOOS, ETC.)**

**Libraries – 2022/2023**

- 1. Number of BCMM Libraries – 19
- 2. Total Number of Library Visits – 175 967
- 3. Average Number of Library Visits per Library – 9 261
- 4. Number of New Members – 3 126
- 5. Number of Books Issued – 152 402

**Halls – 2022/2023**

- 1. Total Number of Hall Bookings – **2 425**
- 2. Total Number of Free Usages (includes Council Use) – **1 585**

**Zoo – 2022/2023**

**Table 92: Service stats for zoos**

<b>2022/2023</b>	<b>ADULT</b>	<b>CHILD</b>	<b>SCHOLAR</b>	<b>PENSIONER</b>	<b>TOTAL</b>
<b>TOTAL</b>	6 061	3 940	2 814	270	13 085

### **Aquarium – 2022/2023**

The EL Aquarium is accessible to the public throughout the entire year.

Visitor numbers for the period from July 2022 to June 2023 totalled 7 295. This figure represents an increase compared to the past two years, reflecting the fact that the aquarium is now fully open to the public.

**Table 93: Service stats for the aquarium**

<b>VISITOR FIGURES 2022/2023</b>	<b>ADULTS</b>	<b>CHILDREN</b>	<b>SCHOLARS</b>	<b>PENSIONERS</b>	<b>TOTAL</b>	<b>BOAT REGISTRATIONS</b>
AQUARIUM	4608	2630	1394	549	9181	75

The aquarium takes charge of stranded and rehabilitated marine wildlife along the coastline, making a valuable contribution to the conservation and protection of the natural coastal heritage of the Metro.

**Table 94: Marine stranding**

<b>MARINE STRANDING</b>	<b>Total Number</b>	<b>Rehabilitated</b>	<b>Non-Releasable</b>	<b>Deceased</b>
African Penguins	0	0	0	0
Seals	6	2	0	4
Sea birds	11	0	3	8

## **Community Parks**

### **Capital Projects:**

An allocation of R3 million was earmarked for the Upgrading of Community Parks projects across the three regions, as outlined below. It is noteworthy that the entire budget was spent.

- 1) Berlin Park Playground
- 2) St Georges Park Outdoor Gyms
- 3) Qonce Botanical Gardens

The Parks Department is tasked with the landscaping and beautification of main entrances and prominent features within the City. This responsibility aims to create an aesthetically pleasing environment and enhance the overall attractiveness of the City.

The Parks Department places a significant emphasis on the development of Horticultural Features and Cityscapes. This is achieved through the year-round planting of trees and the creation of floral displays, with the goal of enhancing horticultural features and contributing to the overall aesthetic appeal of the City.

Bi-annual floral displays were done at the following areas:

- 1) Settlers Way
- 2) Qonce Alexander Main Road
- 3) Anne Bryant Gallery
- 4) Queens Park
- 5) City Hall
- 6) EL Esplanade
- 7) Cambridge Crematorium
- 8) Qonce Civic Centre

*T 3.12.2*

**Table 95: Libraries, archives, museums, galleries, community facilities, and other policy objectives taken from IDP**

Libraries, Archives, Museums, Galleries, Community Facilities, and Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021–2022		2022–2023			2023–2024	2024–25	
		Target	Actual	Target		Actual	Target		
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
To provide adequate amenities to serve all BCMM communities	The development of Gesini Community Hall	0	0	0	0	0	0	1	0
To provide adequate amenities to serve all BCMM communities	The development of NU3 Community Hall	0	0	0	0	0	0	1	0
To provide adequate amenities to serve all BCMM communities	The upgrade and refurbishment of Community Halls	1	1	1	1	1	1	3	1
To provide adequate amenities to serve all BCMM communities	Development, upgrade and refurbishment of Community Halls	0	0	0	3	3	3	5	5
To provide adequate amenities to	Development, upgrade and	0	0	0	4	4	4	11	5

serve all BCMM communities	refurbishment of Libraries								
									<i>T 3.12.3</i>

**Table 96: Employees: Libraries, archives, museums, galleries, community facilities, and other**

<b>Employees: Libraries, Archives, Museums, Galleries, Community Facilities, and Other</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	96	107	94	13	12,1%
4 – 6	20	27	25	2	7,4%
7 – 9	68	75	64	11	14,6%
10 – 12	27	28	24	4	14,2%
13 – 15	3	5	4	1	20%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>215</b>	<b>243</b>	<b>212</b>	<b>31</b>	<b>12,7%</b>

*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 3.12.4

**Table 97: Financial performance 2022/2023: Libraries, archives, museums, galleries, community facilities, and other**

<b>Financial Performance 2022/2023: Libraries, Archives, Museums, Galleries, Community Facilities, and Other</b>					
<b>R'000</b>					
<b>Details</b>	<b>2021/2022</b>	<b>2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	<b>16 916</b>	<b>25 051</b>	<b>24 681</b>	<b>19 321</b>	<b>-30%</b>
Expenditure:					
Employees	101 074	113 537	105 493	105 493	-8%
Repairs and Maintenance	5 828	5 206	11 818	11 856	56%
Other	83 572	40 787	55 805	107 533	62%

<b>Total Operational Expenditure</b>	<b>190 474</b>	<b>159 530</b>	<b>173 116</b>	<b>224 881</b>	<b>29%</b>
<b>Net Operational Expenditure</b>	<b>173 558</b>	<b>134 479</b>	<b>148 435</b>	<b>205 560</b>	<b>35%</b>
<i>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.</i>					<i>T 3.12.5</i>

**Table 98: Capital expenditure 2022/2023: Libraries, archives, museums, galleries, community facilities, and other**

<b>Capital Expenditure 2022/2023: Libraries, Archives, Museums, Galleries, Community Facilities, and Other</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
Total All	<b>12 000</b>	<b>7 301</b>	<b>7 380</b>	-63%	
DEVELOPMENT UPGRADE AND REFURBISHMENT OF COMMUNITY HALLS	5 000	3 111	3 058	-63%	3 934
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	5 000	3 803	3 934	-27%	3 058
UPGR & REFURB EXIST C/HALLS & FACILITIES	2 000	387	387	-416%	1 420
CONSTRUCTION OF GESINI HALL	3 000	2 198	2 198	-37%	4 778
CONSTRUCTION OF NU 3 HALL WARD 14	3 000	2 884	2 884	-4%	6 122
OFFICE FURNITURE & EQUIPMENT (DIRECTORATE)	500	444	444	-12%	500
UPGRADING OF ZOO	400	293	104	-284%	552
PLANT – ZOO	100	–	–	0%	100
UPGRADING OF ZOO c/o	–	290	290	100%	86
REFURBISHMENT OF AQUARIUM	400	212	212	-89%	396
PLANT – AQUARIUM	200	70	70	0%	307
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					<i>T 3.12.6</i>

**COMMENT ON THE PERFORMANCE OF LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, AND OTHER (THEATRES, ZOOS, ETC.)  
OVERALL:**

**LIBRARIES**

The targets and actual performance for the Development, Upgrade, and Refurbishment of Libraries for the 2022/2023 financial year were as follows:

1. Development, Upgrade & Refurbishment of Libraries: Four libraries were successfully upgraded and refurbished in the 2022/2023 period.
2. Establishment of New Library: A new library was inaugurated in Dimbaza.
3. Computer Centre at Beacon Bay Library: A computer centre was inaugurated at Beacon Bay Library, providing the community with access to digital information.

Proposed projects and targets for the 2023/2024 financial year.

- 1 A new Mini-Lib will be established at Scenery Park.
- 2 A new Mini-Lib will be established at Nompumelelo.
- 3 eBooks will soon be available to the community who want to access digital books.

**COMMUNITY HALLS**

The targets and actual performance for the Development, Upgrade and Refurbishment of Community Halls for the 2022/2023 financial year were as follows:

1. The upgrade and refurbishment of four community halls was completed.
2. The development of Egesini Community Hall – the Design Phase was completed in 2021/2022. The project is at Bid Stage for the appointment of a contractor for the construction of the community hall. The project is a multi-year project and is envisaged to be completed in the 2024/2025 financial year.
3. The development of NU3 Community Hall – the Design Phase was completed in 2021/2022. The project is at Bid Stage for the appointment of a contractor for the construction of the



community hall. The project is a multi-year project and is envisaged to be completed in the 2024/2025 financial year.

**Year 5 targets outlined in the IDP schedule can be achieved within the approved budget provision.** provided there are no unforeseen budget cuts. These targets are set based on the approved budget, meaning they are expected to be accomplished within the approved budget for the relative financial year. Should there be any variance, budget adjustments are made through the mid-year budget adjustment process.

**The three largest capital projects** from the budget for capital expenditure for the Development, Upgrade and Refurbishment of Community Halls are as follows:

1. The Gesini Community Hall Development – Construction of the hall is scheduled to commence in 2022/2023, with an anticipated completion date in 2024/2025.
2. The NU3 Community Hall Development – Construction of the hall is projected to commence in 2022/2023, with an expected completion in 2024/2025.
3. The Ongoing Upgrading and Refurbishment of Community Halls and Facilities – The annual objective is to successfully finish a minimum of five projects each financial year, subject to budget availability as outlined in the IDP.
4. The Upgrade and Refurbishment of Libraries – The annual target is to complete at least five projects per financial year, pending the availability of budget as set out in the IDP.

## **ZOO**

The Zoo concluded the refurbishment of the Sungazer, Primate, and Iguana enclosures using annual contractors when the initially appointed service provider could not complete the work. The entire project's cost for completion amounted to R1 190 784,96.

Additionally, an enclosure upgrade for the Jaguar, valued at R889 559,75, involved the renovation of night quarters, construction of a swimming pool, and installation of wooden platforms.

Various safety enhancements were implemented for the enclosures of dangerous animals such as lions, tiger wolves, and chimpanzees. To address continuous vandalism, the perimeter fence was removed and reinstalled to secure the tiger and duiker enclosure.

## **AQUARIUM**

The Aquarium successfully accomplished one of its two capital projects for the year. This completed project involved the refurbishment of the Aquarium Live Animal Exhibit. However, the budget for the Plant Aquarium project underwent adjustments during the budget adjustment period, and funding was subsequently transferred out.

T 3.12.7

## **3.13 CEMETERIES & CREMATORIALS**

### **INTRODUCTION TO CEMETERIES & CREMATORIALS**

The Cemeteries & Crematoria Section is responsible for providing Burial and Cremation Services. Currently, there are 31 operational cemeteries spread across the three regions of BCMM and 1 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.

#### Capital Projects:

A budget of R8,7 million was allocated for the upgrading and development of cemeteries across the three regions, as listed below. The expenditure reached 100%.

- 1) Lujiza Cemetery
- 2) Macleantown Cemetery
- 3) Fort Jackson
- 4) Phakamisa Cemetery
- 5) Cambridge Cemetery
- 6) Buffalo Flats Cemetery
- 7) East Bank Cemetery

8) Clubview Cemetery

T 3.13.1

**SERVICE STATISTICS FOR CEMETERIES & CREMATORIIUMS**

**Cemetery stats for the 2022/2023 period**

**Burials**

Coastal – 2 028

Midland – 1 852

Inland – 3 437

**Cremations**

1 287

T 3.13.2

**Table 99: Cemeteries and crematoriums policy objectives taken from IDP**

<b>Cemeteries and Crematoriums Policy Objectives Taken From IDP</b>									
<b>Service Objectives</b>	<b>Outline Service Targets</b>	<b>2021-2022</b>		<b>2022-2023</b>			<b>2023–2024</b>	<b>2024–2025</b>	
		<b>Target</b>	<b>Actual</b>	<b>Target</b>		<b>Actual</b>	<b>Target</b>		
		<b>*Previous Year (iii)</b>	<b>(iv)</b>	<b>*Previous Year (v)</b>	<b>*Current Year (vi)</b>	<b>(vii)</b>	<b>*Current Year (viii)</b>	<b>*Current Year (ix)</b>	<b>*Following Year (x)</b>
<b>Service Indicators (i)</b>	<b>(ii)</b>								
<b>Service Objective xxx</b>									
<i>Development and Upgrading of Cemeteries</i>	Number of Cemeteries upgraded	Five	Five	Five	Five	Seven	Five	Five	Five
<i>T 3.13.3</i>									

**Table 100: Employees: Cemeteries and crematoriums**

<b>Employees: Cemeteries and Crematoriums</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	2	3	3	0	0%
4 – 6	116	127	111	16	12,5%
7 – 9	7	10	8	2	20%
10 – 12	1	2	1	1	50,0%
13 – 15	2	3	2	1	33,3%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>129</b>	<b>146</b>	<b>125</b>	<b>20</b>	<b>13,6%</b>

*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 3.13.4

**Table 101: Financial performance 2022/2023: Cemeteries and crematoriums**

<b>Financial Performance 2022/23: Cemeteries and Crematoriums</b>					
					<b>R'000</b>
<b>Details</b>	<b>2021/2022</b>	<b>2022/23</b>			<b>Variance to Budget</b>
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	
<b>Total Operational Revenue</b>	<b>8 404</b>	<b>14 715</b>	<b>14 715</b>	<b>8 559</b>	<b>-72%</b>
<b>Expenditure:</b>					
Employees	41 379	46 143	42 181	42 181	-9%
Repairs and Maintenance	6 588	2 642	5 316	5 114	48%
Other	42 687	33 594	37 333	44 870	25%
<b>Total Operational Expenditure</b>	<b>90 654</b>	<b>82 380</b>	<b>84 830</b>	<b>92 165</b>	<b>11%</b>
<b>Net Operational Expenditure</b>	<b>82 250</b>	<b>67 665</b>	<b>70 115</b>	<b>83 605</b>	<b>19%</b>

*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

**Table 102: Capital expenditure 2022/2023: Cemeteries and crematoriums**

<b>Capital Expenditure 2022/2023: Cemeteries and Crematoriums</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>9 400</b>	<b>9 635</b>	<b>9 632</b>	<b>2%</b>	
PLANT AND EQUIPMENT (CEMETERIES)	200	11	11	-1669%	200
COAST CEMETERIES (CAMBRIDGE CREMATORIUM) 2	500	500	500	0%	864
DEVELOPMENT OF CEMETERIES – COASTAL	1 000	997	997	0%	2 825
DEVELOPMENT OF CEMETERIES – INLAND	1 000	997	997	0%	2 499
DEVELOPMENT OF CEMETERIES – MIDLAND	1 000	996	996	0%	1 920
INLAND CEMETERIES (QONCE/ CLUBVIEW)	500	491	491	-2%	985
INLAND CEMETERIES (PHAKAMISA)	500	500	500	0%	1 219
INLAND CEMETERIES (ZWELITSHA)	500	500	500	0%	960
MIDLAND CEMETERIES (FORT JACKSON)	200	197	197	0%	197
MIDLAND CEMETERIES (MTSOTSO CEMETERY)	1 000	1 000	1 000	0%	1 572
FENCING OF CEMETERIES	3 000	3 446	3 443	13%	2 996
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.13.6</i>

**COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUM OVERALL:**

In the 2022/23 financial year, an amount of R8 700 000 million was budgeted for the Upgrading and Development of Cemeteries across the three regions as per the list below, and the expenditure was 100%.

- 1) Cambridge Cemetery
- 2) Maclean Cemetery

- 3) Phakamisa Cemetery
- 4) Lujiza Cemetery
- 5) Fort Jackson Cemetery
- 6) Buffalo Flats Cemetery
- 7) East Bank Cemetery

BCMM assisted residents with the burial of paupers and unclaimed bodies from the following Government Forensic Facilities: Woodbrook, Mdantsane, and Bhisho.

Since the end of COVID-19, the City has continued to provide grave digging services for rural villages.

T3.13.7

### **3.14 CHILD CARE, AGED CARE, SOCIAL PROGRAMMES**

#### **INTRODUCTION TO CHILD CARE, AGED CARE, SOCIAL PROGRAMMES**

Schedule 4 of the Constitution (RSA, 1996) mandates National and Provincial Departments with the legislative, financial, and accountability responsibilities for welfare services, including child care, aged care, and social programmes.

The Department of Social Development derives its core mandate from Section 27 (1) (c) of the Constitution, which states that individuals have the right to access appropriate social assistance when they are unable to support themselves and their dependants. Section 28 (1) of the Constitution sets out the rights of children regarding appropriate care, including basic nutrition, shelter, healthcare services, social services, and detention.

The Child Care Act of 1983 provides for the establishment of children's courts and child welfare commissioners to protect and promote the welfare of children. It also establishes certain institutions and care facilities for children.

The Aged Persons Act of 1967 aims to protect and promote the welfare of elderly and debilitated individuals. It includes provisions for the establishment and registration of institutions, as well as the accommodation and care of such individuals in these institutions.

Despite the various mandated, legislated, and funded social programmes for relief, protection, and empowerment provided by the National and Provincial Department of Social Development, with a specific focus on child care, aged care, and social programmes, the Metro stands as the government sphere closest to communities and their immediate residential areas. Recognising this, the BCMM annually implements the Grant-In-Aid programme, enabling non-governmental organisations (NGOs) within the Metro engaged in child care, aged care, and social programmes to apply for funding according to T3.14.2 and T3.14.3.

T 3.14.1

#### **SERVICE STATISTICS FOR CHILD CARE**

The metro does not implement any capital projects specifically for Child Care, Aged Care or Social Programmes as these are the legislative competence and mandate of National and Provincial Departments as per Schedule 4 of the Constitution of the Republic of South Africa: 1996. In terms of 27 (1) (c) of the Constitution, the Department of Social Development is mandated and funded to provide appropriate social assistance and social programmes for the aged and children where they are unable to support themselves. The Department produces an annual financial report in this regard. Section 28 (1) of the Constitution of the Republic of South Africa: 1996 sets out the rights of children regarding appropriate care including shelter, health care services, social services)and detention facilities.

The Aged Persons Act, 1967 provides for the protection and welfare of aged and debilitated persons including the establishment and registration of certain institutions and the accommodation and care of such persons in such institutions.

T 3.14.2

**NB. There are policy objectives for Child Care Centres, Aged or vulnerable groups.**



Table 103: Employees: Child care, aged care and social programmes

Employees: Child Care, Aged Care & Social Programmes					
Job Level	Year 2021/2022	Year 2022/2023			
	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	1	0	1	100%
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	3	2	1	33,3%

*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 3.14.4

**NB. There was no financial performance for the unit during the year under review**

T 3.14.5

**NB. 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:**

The Municipal Systems Act: 2000, S17 states that local government should ensure appropriate mechanisms, processes, procedures for community participation in affairs of local govt ... taking into account – special needs people who cannot read or write, persons with disabilities, woman & other disadvantaged groups.

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 through its Ward Committees which include a dedicated representative for youth, woman, aged and persons with disabilities. These are known as the Interest Groups within Ward Committees and represent these groups at a ward level.

BCMM collaborated with the Department of Social Development to host the annual 2022 Golden Games for the aged. This event seeks to promote healthy ageing and living.

Environmental Health Officers visit Early Childhood Development Centres as well as Aged Care Centres to assess compliance with health standards and monitoring thereof. – bylaws etc

The metro does not implement any capital projects specifically for Child Care, Aged Care or Social Programmes as these are the legislative competence and mandate of National and Provincial Departments as per Schedule 4 of the Constitution of the Republic of South Africa: 1996. In terms of 27 (1) (c) of the Constitution, the Department of Social Development is mandated and funded to provide appropriate social assistance and social programmes for the aged and children where they are unable support themselves. The Department produces an annual financial report in this regard. Section 28 (1) of the Constitution of the Republic of South Africa: 1996 sets out the rights of children regarding appropriate care including shelter, health care services, social services)and detention facilities.

The Aged Persons Act, 1967 provides for the protection and welfare of aged and debilitated persons including the establishment and registration of certain institutions and the accommodation and care of such persons in such institutions.

T3.14.7

## COMPONENT E: ENVIRONMENTAL PROTECTION

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

The Environmental Management functions are supported by environmental legislation and guidelines, and are aligned with the principles of the National Environmental Management Act (NEMA), No. 107 of 1998, and the Sustainable Development Goals, 2015. The National Environmental Management: Integrated Coastal Management Act 24 of 2008 aims to establish a system of integrated coastal and estuarine management in the Republic. This includes norms, standards, and policies to promote the conservation of the coastal environment, maintain the natural

attributes of coastal landscapes and seascapes, and ensure that development and the use of natural resources within the coastal zone are socially and economically justifiable and ecologically sustainable.

The National Environmental Management: Protected Areas Act (NEMPAA), No. 57 of 2003, provides for the protection and conservation of ecologically viable areas that represent South Africa's biological diversity and natural landscapes. The BCMM is a region with a rich diversity of fauna and flora, along with its ecological linkages. The City has been affected by landscape changes, including habitat destruction, land degradation, and illegal land invasions. There are two functional coastal nature reserves located within the Coastal Region: Nahoon Point Nature Reserve and Nahoon Estuary Nature Reserve. These reserves promote public access to protected areas and allow for education and interaction with the natural heritage of BCMM. Additionally, the public can access these reserves free of charge, making them accessible even to people living in poverty.

**T3.15**

### **3.15 POLLUTION CONTROL**

#### **INTRODUCTION TO POLLUTION CONTROL**

Section 24 of the Constitution (RSA, 1996) mandates the Municipality to deliver services that protect environmental rights. These rights include the right to an environment that is not harmful to people's health and well-being. The Unit is responsible for the Air Emissions Licensing function and enforcement of the National Environmental Management: Air Quality Act, No. 39 of 2004, as well as the Environmental Health By-Laws specifically related to air pollution. The Municipal Health Services Department monitors ambient air quality, identifying and evaluating sources of emissions. The current Air Quality Management Plan, adopted by the Council in 2017/2018, provides objectives and a course of action to achieve air quality management goals. It identifies and addresses significant sources of impact by implementing appropriate solutions to minimise health effects and environmental impacts.

T 3.15.1

#### **SERVICE STATISTICS FOR POLLUTION CONTROL**

### **Ambient Air Quality Monitoring Network**

During the reporting financial year of 2022/2023, the Air Quality Monitoring Stations performed as follows:

- a) Gompo Air Quality Monitoring Station was operational and reported to the South African Air Quality Information System (SAAQIS).
- b) East London and Zwelitsha stations were dysfunctional in the last two (2) quarters of the financial year. This was mainly caused by load shedding and vandalism.

As a consequence, the stations fell short of achieving their targeted annual ambient air quality functionality of 75%, instead recording an annual performance of 37%.

Mitigation measures to enhance the performance of Air Monitoring Stations include:

### **East London station**

The Directorate will facilitate the procurement and installation of the following instruments:

- a) Replace the Sample inlet fan by 30 June 2024.
- b) Replace Meteorological instruments by 30 June 2024.
- c) Facilitate the procurement of electric fencing in all the three (3) Monitoring stations to curb the vandalism challenge by 30 December 2023.
- d) Replace the Data Logger by 30 June 2024.

### **Zwelitsha station**

The Directorate will facilitate the procurement and installation of the following instruments:

- a) Replace the Temperature /Relative Humidity sensor by 30 June 2024.
- b) Replace the Data Logger by 30 June 2024.
- c) Provide uninterruptible Power Supply (Solar Panels) by 30 June 2024.

The table below illustrates the annual average functionality for the ambient air monitoring stations within BCMM.

**Table 104: Annual average functioning for the ambient air monitoring stations within BCMM**

<b><u>Stations Name</u></b>	<b><u>Station status</u></b>	<b><u>Average Functionality for 2022/2023 financial year</u></b>	<b><u>SAAQIS status</u></b>
East London station	Partially Operational	30%	Partially Reporting
Gompo Clinic station	Operational	57%	Partially Reporting
Zwelitsha station	Partially Operational	24%	Partially Reporting

**National Atmospheric Emission Inventory System (NAEIS)**

The National Atmospheric Emission Inventory System (NAEIS) serves as an online national reporting platform designed to house both air pollutants and greenhouse gas emission inventories for the Republic. The primary goal is to gather data on emissions originating from identified points, non-point sources, and mobile sources of atmospheric emissions within the City. This information is submitted to the Internet-based NAEIS for the compilation of atmospheric emission inventories.

In the annual reporting financial year of 2022/2023, twenty-six (26) facilities within the City were added to the master list for the Annual Emission reporting to the NAEIS. Municipal Health Services conducted twenty-six (26) audits under Section 21 of the National Environmental Management: Air Quality Act, No. 39 of 2004, focusing on mines and quarries as well as small boiler facilities. The purpose of these audits is to safeguard public health by ensuring that emissions do not pose harm to the environment, thereby contributing to the overall well-being of the communities in BCMM.

The table below shows all the facilities audited during the reporting financial year of 2022/2023.

**Table 105: NAEIS Audits**

<b>No</b>	<b>Name of facility</b>	<b>Audit Description</b>	<b>Audit outcome</b>
1.	East London bricks 1, Gonubie	The audit is carried out on companies that produce more than 10 000 bricks per month using clamp kilns. The purpose is to assess whether these companies	Complied with Atmospheric Emission Licence (AEL) and permit conditions

		comply with the prescribed average limit value for dust regulations, as outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
2.	Morhot Galvanizers, Fort Jackson	The audit is performed on companies engaged in the processing of coating steel articles with molten zinc, encompassing the pickling and/or fluxing of articles before coating. The objective is to assess the emission values in accordance with the regulations outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
3.	Prism Die Casting, Wilson	The audit is carried out on companies engaged in secondary aluminium production involving the application of heat, thus producing emissions. The purpose is to assess whether the emission values for total volatile compounds, ammonia, hydrogen fluoride, etc., comply with the prescribed limits as outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
4.	Engen Petroleum, East London Terminal	The audit is conducted on all permanent immobile liquid storage	Complied with AEL and permit conditions

		facilities located at a single site, with a combined storage capacity exceeding 1 000 cubic metres. The purpose is to monitor whether the true vapour pressure of contents at product storage temperature aligns with the prescribed requirements of Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
5.	BP South Africa, East London Depot	The audit is carried out on all permanent immobile liquid storage facilities situated at a single site, with a combined storage capacity exceeding 1 000 cubic metres. The objective is to monitor whether the true vapour pressure of contents at product storage temperature complies with the prescribed requirements outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
6.	Astron Energy, East London Depot	The audit is performed on all permanent immobile liquid storage facilities situated at a single site, with a combined storage facility exceeding 1 000 cubic metres. The objective is to monitor whether the true vapour pressure of contents at product storage temperature aligns with the prescribed requirements of	Complied with AEL and permit conditions

		Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
7.	Eskom Port Rex Power Station, East London	The audit is conducted on all installations with a design capacity equal to or greater than 50 megawatts heat input per unit, based on the lower calorific value of the fuel used. The purpose is to assess whether the emission values generated from liquid fuel combustion installations primarily used for steam raising or electricity generation comply with the prescribed limits as specified in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
8.	East London Quarry, Fort Jackson	The audit is conducted on mines and quarries to ascertain whether the dust fall rates adhere to the acceptable standards outlined in the National Dust Control Regulations.	Not Compliant with the National Dust Control Regulations and the compliance notice was issued. Regular inspections are conducted to monitor the dust fall rates until compliance is achieved. Should the company continue not to comply, the matter will be escalated to



			Department of Mineral Resources and Energy (DMRE) for intervention.
9.	East London bricks 2 (Mount Coke)	The audit is performed on companies that produce more than 10 000 bricks per month using clamp kilns. The objective is to assess whether the average limit value concerning dust regulations is not exceeded, as prescribed by Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and National Dust Control Regulations
10.	Sundale, East London IDZ	The audit is carried out on companies utilising small boilers fuelled with liquid fuels. The purpose is to monitor whether the emission values from these small boilers comply with the prescribed limits, as stipulated in Section 23 of the Small Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with Section 23 Small Boiler Declaration
11.	Blueberry Hill Farm, Cove Rock	The audit is carried out on companies utilising small boilers fuelled with hydrocarbon-based solid fuels. The purpose is to monitor whether the emission values from these small boilers comply with the prescribed limits, as	Complied with Section 23 Small Boiler Declaration

		stipulated in Section 23 of the Small Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
12.	Total Energies, East London Depot	The audit is performed on all permanent immobile liquid storage facilities situated at a single site, with a combined storage facility exceeding 1 000 cubic metres. The purpose is to monitor whether the true vapour pressure of contents at product storage temperature aligns with the prescribed requirements of Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
13.	Mercedes Benz South Africa, East London	This audit is carried out on companies where both general and hazardous waste is treated using heat application. The objective is to determine whether the emission values in all installations treating 10 kilograms per day of waste comply with the prescribed limits as outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
14.	Nestle, East London	The audit is performed on companies utilising small boilers fuelled with gaseous fuel-fired	Complied with Section 23 Small Boiler Declaration

		(using natural gas and liquefied petroleum gas) and solid biomass fuel-fired. The purpose is to monitor whether the emission values from these small boilers comply with the prescribed limits, as stipulated in Section 23 of the Small Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
15.	WASAA Terminals, East London Depot	The audit is carried out on all permanent immobile liquid storage facilities located at a single site, with a combined storage facility exceeding 1 000 cubic metres. The objective is to monitor whether the true vapour pressure of contents at product storage temperature aligns with the prescribed requirements of Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
16.	Epol, Berlin	The audit is performed on companies utilising small boilers fuelled with gaseous fuel-fired (using natural gas and liquefied petroleum gas). The purpose is to monitor whether the emission values from these small boilers comply with the prescribed limits, as stipulated in Section 23 of the Small	Complied with Section 23 Small Boiler Declaration

		Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
17.	WBHO, Qonce	The audit is carried out on mines and quarries to assess whether the dust fall rates align with the acceptable standards set forth in the National Dust Control Regulations.	Complied with National Dust Control Regulations
18.	Bushveld, East London IDZ	The audit is performed on companies emitting oxides of sulphur through the production of acid sulphites of alkalis or alkaline earths or through the production of liquid sulphur or sulphurous acid production. The objective is to determine whether the emission values from installations producing, handling, and/or using more than 100 tons per annum of any of the listed compounds comply with the prescribed limits, as outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	The listed activity has not commenced however a provisional AEL was issued.
19.	Asphalt East Coast, Wilsonia	The audit is carried out on companies with permanent facilities used for the mixtures of aggregate, tar, or bitumen to produce road surfacing materials. The purpose is to determine whether the emission	Complied with AEL and permit conditions

		values are exceeded, as prescribed in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
20.	KAP automotive, East London IDZ	The audit is conducted on companies involved in production of organic chemical, organometallic compounds, organic dyes and pigments, and surface active agents. This is to determine whether the emission values are exceeded, as prescribed in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
21.	Clariter ZA, East London IDZ	The audit is conducted on companies involved in production of organic chemical, organometallic compounds, organic dyes and pigments, and surface active agents. This is to determine whether the emissions values are exceeded, as prescribed in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
22.	Summer Pride Foods, East London	The audit is carried out on companies utilising small boilers fuelled with gaseous fuel-fired (using natural gas and liquefied	Complied with Section 23 Small Boiler Declaration

		petroleum gas). The purpose is to monitor whether the emission values from these small boilers comply with the prescribed limits, as stipulated in Section 23 of the Small Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
23.	Johnson and Johnson (J&J), Wilsonia	The audit is conducted on companies with small boilers fuelled with gaseous fuel-fired (using natural gas and liquefied petroleum gas). This is to monitor whether the emission values of the small boilers are not exceeded, as prescribed in Section 23 of the Small Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with Section 23 Small Boiler Declaration
24.	First National Battery Settlers Way	The audit is performed on companies that emit oxides of sulphur through the production of acid sulphites of alkalis or alkaline earths, or through the production of liquid sulphur or sulphurous acid. Additionally, these companies engage in the extraction, processing, and use of lead in production through the application of heat. The purpose is to determine whether the emission values from	Complied with AEL and permit conditions

		installations producing, handling, and/or using more than 100 tons per annum of any of the listed compounds comply with the prescribed limits, as outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
25.	First National Battery Buffalo View	The audit is performed on companies that emit oxides of sulphur through the production of acid sulphites of alkalis or alkaline earths, or through the production of liquid sulphur or sulphurous acid. Additionally, these companies engage in the extraction, processing, and use of lead in production through the application of heat. The purpose is to determine whether the emission values from installations producing, handling, and/or using more than 100 tons per annum of any of the listed compounds comply with the prescribed limits, as outlined in Section 21 listed activities under the National Environmental Management: Air Quality Act, No. 39 of 2004.	Complied with AEL and permit conditions
26.	Dynamic Brands, East London	The audit is conducted on companies utilising small boilers fuelled with gaseous fuel-fired	Complied with Section 23 Small Boiler Declaration

		(using natural gas and liquefied petroleum gas). The purpose is to monitor whether the emission values from these small boilers comply with the prescribed limits, as stipulated in Section 23 of the Small Boilers (Controlled Emitter) under the National Environmental Management: Air Quality Act, No. 39 of 2004.	
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#### **Atmospheric Emission Licence (AELs)**

The Air Quality Management Act mandates municipalities to serve as competent authorities for issuing AELs. Under the Atmospheric Licencing regulations, certain industries are identified as carrying out listed activities, and they are required to apply for an AEL. These industries include the metallurgical industry, mineral processing, storage and handling, organic chemicals, inorganic chemicals, and more. The BCMM is responsible for issuing the licences and requires additional information in relation to air quality impact assessment, emission or stack monitoring, dispersion modelling, and air quality management plans.

During the reporting year, four AEL applications were received and processed, successfully achieving a 100% target.

**Table 106: Number of AEL applications received and the status of the issued licenses**

<b>Applications Received</b>	<b>Type of Application</b>	<b>Status of Licenses Issued</b>
Bushveld Energy Vanadium Electrolyte	Renewal application	AEL Issued
KAP Automotive East London	Section 22A application	AEL Issued



First National Battery (Pty) Ltd – Settlers Way Plant	Renewal application	AEL Issued
First National Battery (Pty) Ltd – Buffalo View Road Plant	New application	AEL Issued

**T3.15.2**

**Table 107: Pollution control policy objectives taken from the IDP**

Pollution Control Policy Objectives Taken From IDP												
Service Objectives	Outline Service Targets	2018/2019		2019/2020			2020/2021	2021/2022		2022/2023		
		Target	Actual	Target Actual		Target	Target	Actual		Target	Actual	
<i>Service Indicators</i>		*Previous Year		Previous Year		Previous Year	*Current Year	*Current Year	Previous year	*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(ix)	(x)	
<b>Service Objective xxx</b>												
<b>To promote and environmentally friendly city</b>	Percentage of AELs processed within the designated timeframes	N/a	100% (2 applications)	100% (2 applications completed)	100% (3 applications completed)	100% (3 renewal applications completed)	100% 4 applications (not yet completed)	100% 1 applications (not yet completed)	100% 2 applications (not yet completed)	100%	100% achieved	100% achieved
	Proportion (80% in terms of the	<25	80,98%	80%	91,3%	80%	75%	80%	75%	75%	37%	75%

	National Environmental Management Act, No. 39 of 2004) functional Air Quality Monitoring Stations providing adequate data over a reporting period											
									<i>T 3.15.3</i>			

**Table 108: Employees: Pollution control**

Employees: Pollution Control					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	14	13	1	7,1%
4 – 6	0	4	4	0	0%
7 – 9	0	12	10	2	16,6%
10 – 12	0	30	28	2	6,6%
13 – 15	0	6	6	0	0%
16 – 18	1	2	2	0	0%
19 – 20	0	1	1	0	0%
Total	1	69	64	5	7,2%

*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 3.15.4

**NB. There was no financial performance for the unit during the year under review**

**T 3.15.5**

**NB. There was no capital expenditure for the unit during the year under review**

**T 3.15.6**

**COMMENT ON PERFORMANCE OF POLLUTION CONTROL OVERALL:**

In the 2022/2023 financial year, the Municipal Health Services undertook various initiatives to enhance pollution control. The following projects were successfully implemented:

- a) Installation and commissioning of solar panels for the Air Quality Monitoring Station in East London.
- b) Installation and commissioning of solar panels for the Air Quality Monitoring Station in Zwelitsha.
- c) Successful installation of Envidas Logger Hardware and Software for the Air Quality Monitoring Station in East London.
- d) Supply and delivery of a shelter for the Mdantsane Air Quality Monitoring Station.
- e) Installation of clear view fencing at the Mdantsane Air Quality Monitoring Station to improve security.
- f) Calibration of BCMM Air Quality Monitoring Stations.
- g) Calibration of the Noise Level Meter instrument and Indoor Air Quality instrument.

**T 3.15.7**

### **3.16 BIODIVERSITY, LANDSCAPE (INCLUDING OPEN SPACES), AND OTHER (E.G., COASTAL PROTECTION)**

#### **INTRODUCTION TO BIODIVERSITY AND LANDSCAPE**

The National Environmental Management Biodiversity Act, No. 10 of 2004, mandates the BCMM to manage and conserve biological diversity within its municipal area. The Municipality encompasses two crucial biomes: the Albany Thicket Biome, characterised by dense and impenetrable vegetation dominated by spiny, often succulent trees and shrubs, and the Savanna Biome, predominantly featuring grasses and forbs. There are numerous wetlands throughout the Municipality that possess high ecological value and exceptional beauty. These wetlands serve as crucial habitats for species adapted to the diverse biomes within the area, including various critically endangered flora and fauna species. Recognised as high-value "ecological infrastructure", the wetlands in the BCMM play a vital role in providing essential ecosystem services to local communities.

The National Environmental Management: Integrated Coastal Management Act (NEM: ICMA), No. 24 of 2008, serves as a policy framework to guide the protection, management, and utilisation of the coast and coastal resources. Along its 82 km length, the BCMM coast is

distinguished by its uniqueness, beauty, and predominantly natural state. Notably, a harmonious balance has been attained between built and natural areas within the coastal zone, contributing to the overall preservation of this valuable ecosystem.

The City's coastlines encompass several prominent beaches that deliver social, economic, and environmental advantages to the BCMM community. These beaches, including Gonubie, Bonza Bay, Nahoon, Eastern, Orient, Kidd's, Kayser's, Leaches Bay, and Gulu Beaches, play a crucial role in the community's well-being. Ensuring the effective management of these beach areas entails the development of diverse tools, systems, and actions to shape human activities and mitigate potential negative impacts on the natural environment.

Moreover, these beaches serve as significant tourist attractions, contributing positively to the socio-economic status of the City. The influx of tourists not only enhances economic activities but also promotes the City as a desirable destination, fostering a vibrant and sustainable local economy.

### **Wetland Management**

South Africa is a signatory of the Convention on Wetlands of 2 February 1971, and as a result, BCMM commemorates World Wetlands Day annually in February. This day marks the adoption of the convention and aims to raise global awareness about the vital role of wetlands in communities. In 2023, the BCMM World Wetlands Day programme took place in Dimbaza on 23 February, imparting knowledge to communities about the vital role of wetlands in ecosystems, their benefits to humanity, and issues related to waste management. The event also included active community participation in a clean-up campaign within the identified wetland and its surrounding community in Dimbaza. This collective effort aimed at wetland rehabilitation and maintaining cleanliness in the local environment.

The City, through the Solid Waste and Environmental Management Directorate, conducted an environmental and climate change workshop on 30 November 2022 in Duncan Village, Ward 1. The workshop aimed to educate Ward Committee members and Community Development Workers (CDWs) on the importance of conserving and protecting the polluted streams and wetlands in Duncan Village. The City extended invitations to two local schools, Pefferville

Primary School and Lujiza Primary School, to actively participate in the educational programme. Subsequent to the programme, a coordinated clean-up campaign was conducted in the vicinity of the polluted stream and wetland. The initiative had a substantial impact on improving the environmental conditions near the streams and positively influenced the well-being of the vulnerable communities residing along them.

### **Management of Open Spaces**

BCMM has delegated the oversight of open spaces to the Solid Waste and Environmental Management Directorate. This encompasses responsibilities such as grass cutting, vegetation control, and arboricultural activities. Nevertheless, the City has encountered challenges in this domain, leading to the issue of overgrown open spaces. The challenges predominantly stem from inclement weather conditions and a shortage of fleet and equipment. To address this issue, the grass cutting and vegetation control programmes have been intensified in key areas such as entrances and exits, high visibility areas, beach areas, and main roads in the City, including the Coastal region: Settlers Way, Gonubie Main, and Western Avenue; the Midland region: Qumza Highway and Golden Highway; and the Inland region: Cambridge Road, Maitland Road, Independent Road, Billy Road, etc. To enhance the provision of the service, the Directorate has procured fleet and equipment in the 2022/2023 financial year. Additionally, the integration of Directorate resources and the revival of the IRRT have positively contributed to maintaining open spaces.

The following vehicles and equipment were delivered:

- a) Two (2) x cherry pickers
- b) Five (5) x four-ton crew cab trucks
- c) One (1) x seven-ton crew cab truck
- d) Two (2) x tractors with brush cutters
- e) One (1) x ride on mower
- f) Brush cutters, chainsaws, and pruners.

The Directorate is committed to improving this service through Contract 283, which became effective in January 2023. The contract is designed to assist with bush clearance and the

removal of noxious plants. The bush clearing programme has already begun in all three regions in the 2022/2023 financial year and is being implemented in areas affected by overgrown bushes and encroachments. Despite the initial backlog in delivering this service, there has been a significant improvement in bush clearance and vegetation control within the City. This has had a positive impact on the safety of residents living in communities with overgrown vegetation.

**Coastal Protection and Beach Management**

BCMM takes pride in the management of coastal and beach areas, recognising their substantial impact on the tourism and economy of the City. The objective of beach management is to preserve and enhance the conditions of the beach as a recreational resource and a form of coastal protection, concurrently ensuring the provision of facilities that align with the expectations and standards of beachgoers.

In the past year, the City has made several upgrades and refurbishments to beach facilities such as ablutions, boardwalks, and more. These upgrades include:

- a) Kidd’s Beach infrastructure refurbishment
- b) Refurbishment of Eastern Beach & Marina Glen infrastructure
- c) Refurbishment of Gonubie Beach infrastructure and ablutions
- d) Refurbishment of Nahoon Beach infrastructure and ablutions
- e) Refurbishment of Gulu Beach picnic ablution facilities
- f) Refurbishment of Bonza Bay Beach ablution facilities
- g) Upgrading and refurbishment of the Orient swimming pools and complex ablution facilities

**3.16.1**

**SERVICE STATISTICS FOR BIODIVERSITY AND LANDSCAPE**

The National Treasury Circular 88 outlines specific indicators and targets for Metropolitan Municipalities to focus on, including biodiversity protection and coastal protection.

Table: statistics on the indicators and targets for biodiversity protection and coastal protection

INDICATOR	BASELINE	ACTUAL PERFORMANCE
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Percentage of coastline with protection measures in place	72%	73,1%
Percentage of biodiversity priority areas protected	48,85%	51,57%
Percentage of biodiversity priority area within the Metro	2,6%	3,8%

**Narrative of indicators and targets for biodiversity protection and coastal protection:**

- a) Percentage of coastline with protection measures in place: The baseline indicated that 72% of the coastline had protection measures in place, and the annual achieved target reached 73,1%. The target is derived from the overall 82 km of BCMM coastline, with 60 km having protection measures. The calculation, guided by the indicator's formula, demonstrates that 73,1% has been achieved, surpassing the initial baseline of 72%.
- b) Percentage of biodiversity priority areas protected: The baseline indicated that 48,85% of biodiversity priority areas were protected, and the annual achieved target reached 51,57%. The inclusion of protected nature reserves and estuaries led to a 2,72% increase in the extent of biodiversity priority areas protected.
- Percentage of biodiversity priority area within the metro: The baseline indicated that 2,6% of the biodiversity priority area was within the metro, and the annual achieved target increased to 3,8%. The inclusion of nature reserves and estuaries has expanded the extent of biodiversity priority areas protected, thereby influencing the overall percentage of biodiversity priority area within the Metro.

**T3.16.2**

**Table 109: Biodiversity, landscape, and other policy objectives taken from IDP**

<b>Biodiversity, Landscape, and Other Policy Objectives Taken From IDP</b>										
<b>Service Objectives</b>	<b>Outline Service Targets</b>	<b>2021/2022</b>		<b>2022/2023</b>			<b>2023/2024</b>			
		<b>Target</b>	<b>Actual</b>	<b>Target</b>		<b>Actual</b>		<b>Target</b>	<b>Actual</b>	
<i>Service Indicators</i>		<b>*Previous Year</b>		<b>Previous Year</b>	<b>*Current Year</b>		<b>*Previous Year</b>		<b>*Current Year</b>	<b>*Following Year</b>
<b>(i)</b>	<b>(ii)</b>	<b>(iii)</b>	<b>(iv)</b>	<b>(v)</b>	<b>(vi)</b>	<b>(vii)</b>	<b>(viii)</b>		<b>(ix)</b>	<b>(x)</b>
<b>Service Objective xxx</b>										
<b><i>To promote a sustainable and environmental friendly city</i></b>	Percentage of Biodiversity Priority area within the Metro	30% Development of database of biodiversity priority areas in the Midland and Coastal region within BCMM	30% Development of database of biodiversity priority areas in the Midland and Coastal region within BCMM	30% Development of database of biodiversity priority areas in the Midland and Coastal region within BCMM	3,8% of biodiversity priority area within the Metro	3,8% of biodiversity priority area within the Metro	2,6% of biodiversity priority area within the Metro	3,8% of biodiversity priority area within the Metro	3,8% of biodiversity priority area within the Metro	3,8% of biodiversity priority area within the Metro
	Percentage of Biodiversity Priority areas protected	30% Development of database of biodiversity priority areas in the Midland and Coastal region within BCMM	30% Development of database of biodiversity priority areas in the Midland and Coastal region within BCMM	Report to Top Management	48,5% Proportion of biodiversity priority areas protected	48,5% Proportion of biodiversity priority areas protected	48,5% Proportion of biodiversity priority areas protected	48,5% Proportion of biodiversity priority areas protected	51,57% of biodiversity priority areas protected	51,57% of biodiversity priority areas protected
	Percentage of coastline with protection measures in place	72% Percentage of coastline with protection measures in place	73,1% Percentage of coastline with protection measures in place	Report to Top Management	73,1% Percentage of coastline with protection measures in place	73,1% Percentage of coastline with protection measures in place	73,1% Percentage of coastline with protection measures in place	73,1% Percentage of coastline with protection measures in place	73,1% Percentage of coastline with protection measures in place	73,2% of coastline with protection measures in place
										<b>T 3.16.3</b>

**Table 110: Employees: Biodiversity, landscape, and other**

<b>Employees: Biodiversity, Landscape, and Other</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	215	246	205	41	16,6%
4 – 6	159	174	144	30	17,2%
7 – 9	37	45	38	7	15,5%
10 – 12	15	19	16	3	15,7%
13 – 15	0	0	0	0	100%
16 – 18	5	4	4	0	0%
19 – 20	1	0	0	0	0%
<b>Total</b>	<b>432</b>	<b>488</b>	<b>407</b>	<b>81</b>	<b>16,5%</b>

*Totals should equate to those included in the Chapter 4 total employee schedule. Employee and Post 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

**Table 111: Capital expenditure 2022/2023: Biodiversity, landscape, and other**

<b>Capital Expenditure 2022/2023: Biodiversity, Landscape, and Other</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2022/23</b>				<b>Total Project Value</b>
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	
<b>Total All</b>	<b>3 770</b>	<b>3 777</b>	<b>3 777</b>	<b>0%</b>	
NU 6 MDANTSANE DEPOT	470	480	480	2%	666
BERLIN DEPOT	100	60	60	-68%	201
GRASS CUTTING EQUIPMENT	200	197	197	0%	200
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS – COASTAL	1 000	1 291	1 291	0%	1 997
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS – MIDLAND	1 000	760	760	0%	773
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS – INLAND	1 000	988	988	-1%	988
ESTABLISHMENT OF RECREATIONAL PARKS	2 000	2 000	2 000	0%	1 995
BEACHES	600	587	587	-2%	543
PLANT – BEACHES	200	–	–	0%	200
REFURBISHMENT & UPGRADING OF FACILITIES AT BEACHES	100	–	–	0%	100
REVITALISATION OF BEACH INFRASTRUCTURE	5 500	13 910	13 526	59%	13 526
PLANT – NATURE RESERVE	100	59	59	-68%	100
GRASS CUTTING EQUIPMENT	200	–	–	0%	200
GRASS CUTTING EQUIPMENT	–	1 000	728	100%	1 000

REFURBISHMENT OF NATURE RESERVE (BOARDWALKS)	250	910	910	73%	1 107
PLANT – NATURE RESERVE	200	197	197	-2%	200
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BRUSH CUTTERS, TRAILERS FOR RITE ON, ETC)	3 000	–	–	0%	3 000
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BRUSH CUTTERS, TRAILERS FOR RITE ON, ETC)	–	4 000	3 366	100%	4 000
<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 BIODIVERSITY, LANDSCAPE AND OTHER OVERALL

### Refurbishment of Beach Infrastructure

BCMM takes pride in the management of coastal and beach areas, recognising their significant impact on tourism and the city's economy. In the 2022/2023 financial year, the City prioritised the refurbishment and upgrading of beach infrastructure across various beaches. The aim is to enhance access to quality facilities and attract a greater number of tourists to the City.

BCMM implemented the following key projects:

- a) Kidd's Beach Infrastructure: Refurbishment of ablution facilities, paving of walkway, and replacement of septic tank.

- b) Eastern Beach & Marina Glen Infrastructure: Installation of clear view fencing, refurbishment of ablution facilities, reconnection and refurbishment of water and electrical supply, and the refurbishment of the lifesavers building.
- c) Gonubie Beach Infrastructure: Refurbishment of boardwalk and ablution facilities.
- d) Nahoon Beach Infrastructure: Refurbishment of main ablution facilities and boardwalk.
- e) Gulu Beach Infrastructure: Refurbishment of main ablution facilities and picnic site ablution facilities.
- f) Bonza Bay Beach Infrastructure: Refurbishment of main ablution facilities and picnic site ablution facilities.
- g) Orient swimming pool complex (Quanza swimming pool) Infrastructure: Upgrading and refurbishment of ablution facilities, revamping of pumps and motors, and the supply and installation of new backup systems.

The City is committed to an ongoing process of refurbishing and upgrading infrastructure within beaches and the coastal environment. These projects have significantly enhanced the aesthetic appeal of the beaches, and once the refurbishments meet the required standards, the focus will shift towards achieving a Blue Flag beach status. The Blue Flag, awarded by the Foundation for Environmental Education (FEE), certifies that a beach meets the organisation's standards for environmental management, including criteria related to water quality, safety, and public environmental education.

### **Annual Green Forum**

BCMM hosted its third annual Green Forum on 20 September 2022 at the EL ICC with the theme "**Only one earth, protect it**". The event aimed to acknowledge and promote the commitments and pledges of green initiatives within the City.

The Green Forum is a programme designed to raise awareness of and provide practical solutions to the challenges posed by climate change in the City. It also serves as a platform to encourage City residents to explore and share green solutions with the goal of promoting positive environmental behaviour.

BCMM, Government Departments, and the Business Sector shared valuable information through presentations and exhibition stalls, offering practical green solutions to both consumers and businesses.

Delegates from the following departments and stakeholders participated in the Green Forum:

- Buffalo City Metropolitan Municipality (BCMM)
- Buffalo City Development Agency (BCMDA)
- Department of Forestry Fisheries the Environment (DFFE)
- Department of Health
- Department of Basic Education (DBE)
- Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)
- Local Government: Ward Councillors and Traditional Leaders
- Community including Ward Committee members
- Buffalo City Youth Council
- Institutions of Higher Learning
- Boarder Kei Chamber of Business (BKCOB)
- National African Federated Chamber of Commerce and Industry (NAFCOC)
- NGOs in Green Industries
- Environmental Consulting Firms
- East London Industrial Development Zone (ELIDZ)

Prior to hosting the Green Forum, there were various activities that were conducted to build up to the event. These activities included education on environment and climate change in schools, clean-up campaigns, and tree planting at schools. The selected schools for this programme were Thembalabantu High School in Zwelitsha (Inland), Khulani High School in Mdantsane (Midland), and Ebenezer Majombozi High School in Gompo (Coastal). Involving schools in these activities provides them with exposure to sustainable environmental practices and green solutions to the challenges faced by vulnerable communities.

### **Development and Implementation of Estuarine Management Plans**

The National Estuarine Management Protocol 2021 as amended makes provision for the development and implementation of Estuarine Management Plans. The DEDEAT collaborated with

the City and developed the Qindirha Estuarine Management Plan (EMP) which was adopted by Council on 1 December 2022 (minute number, BCM731/22).

The Qindirha EMP aims to improve the health of the estuary, manage the widespread illegal harvesting of living resources, and mitigate any impact through improved coordination among government agencies. DEDEAT and BCMM established a task team responsible for coordinating the implementation of EMPs and reporting quarterly progress to the Buffalo City Municipal Coastal Committee (MCC). The task team has procured and installed educational signage for the Qindirha Estuary, Nahoon Estuary, and Nahoon Point Nature Reserve. This signage is intended to provide guidance and information about the Estuary in accordance with the requirements of the National Estuarine Management Protocol.

### **Grass Cutting and Vegetation Control**

The City finalised Contract 283 in January 2023, which is used to enhance bush clearance and the removal of noxious plants. The bush clearance programme is carried out in areas that are negatively impacted by overgrown bushes and encroachments. The City is dedicated to addressing backlogs, attending to complaints, and intensifying the implementation of the planned bush clearance programme in priority areas. This service is improved by employing project participants recruited through EPWP, PEP, and the Flood Mopping Project.

**T 3.16.7**

## **COMPONENT F: HEALTH**

### **3.17. CLINICS**

**Disclaimer: Tables 3.17.1 – Table 3.17.7 do not apply to BCMM.**

### **3.18. AMBULANCE SERVICES**

**Disclaimer: Tables 3.18.1 – Table 3.18.7 do not apply to BCMM.**



### 3.19 HEALTH INSPECTION, FOOD, AND ABATTOIR LICENSING AND INSPECTION, ETC.

### **3.19 HEALTH INSPECTION, FOOD, AND ABATTOIR LICENSING AND INSPECTION, ETC.**

#### **INTRODUCTION TO HEALTH INSPECTION, FOOD, AND ABATTOIR LICENSING AND INSPECTIONS, ETC.**

Food Control within the Local Government context involves the following integral aspects within the functions of Municipal Health Services:

- a) Ensuring food safety with regard to acceptable microbiological and chemical standards, quality of all food for human consumption, and maintaining optimal hygiene control throughout the food supply chain from the point of origin, primary raw material or raw product production, up to the point of consumption.
- b) Inspecting food production, distribution, and consumption areas.
- c) Monitoring informal food trading.
- d) Inspecting food premises and addressing any nuisances emanating from them.
- e) Enforcing food legislation and the Codex Alimentarius.
- f) Implementing food quality monitoring programmes and principles using various techniques such as Hazard Analysis and Critical Control Points (HACCP) System audits.
- g) Promoting the safe transportation, handling, storage, and preparation of foodstuffs used in the PSNP, prisons, health establishments, airports, etc.
- h) Promoting the safe handling of meat and meat products through, amongst others, meat inspections and examination of abattoirs.
- i) Promoting the safe handling of milk and milk products.

The Municipal Health Services Department continuously updates and adds new food premises to the Food Premises database, in order to cover all food establishments within

the jurisdiction of Buffalo City Municipality. Environmental Health Practitioners conduct quarterly inspections at these premises to ensure compliance with relevant legislation and national norms and standards, whenever possible. If any defects or non-compliance are identified, a Compliance Notice is issued to the Owner/Manager of the premises, and monitoring continues until the compliance issues are resolved.

Following the issuance of a Compliance Notice, the Owner/Manager of a food establishment has thirty (30) days to rectify or correct any non-compliance. After this period, a re-inspection is conducted to verify whether the requirements have been met. Once the Environmental Health Practitioner is satisfied that all requirements have been complied with, a Certificate of Acceptability may be issued in accordance with Section 3(1) of Regulation No. R638.

## **WATER QUALITY MONITORING**

### **INTRODUCTION TO WATER QUALITY**

The responsibility for the Water Quality Monitoring function lies with Municipal Health Services, as stipulated in the National Health Act, No. 61 of 2003. As per the Constitution of 1996, Schedule 4, Section 32 of the National Health Act, and sections 84(1)(b), (d), and (i) of the Municipal Structures Act, No. 117 of 1998, this function is designated to District and Metropolitan Municipalities.

Furthermore, the Scope of Profession of Environmental Health, published under Regulation 698 of 2009 (26 June 2009) and promulgated under the Health Professions Act, No. 56 of 1974, determines the role of Environmental Health in Water Quality Monitoring. This role includes:

- a) Monitoring water quality and availability, including mapping water sources, and enforcing laws and regulations related to water quality management.
- b) Ensuring water safety and accessibility in terms of quality (microbiological, physical, and chemical) and access to an adequate quantity for domestic use, as well as ensuring the quality of water for recreational, industrial, food production, and other human and animal uses.

- c) Promoting access to water for all communities by providing input for the planning, design, and management of water supply systems, as well as ensuring healthy community water supplies through surveillance.
- d) Ensuring the monitoring of and effective wastewater treatment and water pollution control, including the collection, treatment, and safe disposal of sewage and other waterborne waste, as well as surveillance of the quality of surface water (including the sea) and groundwater.
- e) Advocating for proper and safe water usage and wastewater disposal.
- f) Conducting water sampling and testing in the field, as well as examining and analysing samples in a laboratory.

The Municipal Health Services (MHS) collect water samples from various public health care facilities and non-primary health care facilities, such as accommodation establishments, schools, child care centres, village communal taps, water cut/tanker trucks, food premises, and water bottling shops. These facilities are supplied water from the Municipal Supply Schemes. The purpose of this sampling is to monitor compliance with the SANS 241-1: 2015 standards and ensure the quality of water provided by the WSA. The programme also aims to provide advice on necessary remedial actions and prevent waterborne diseases within the jurisdiction of BCMM, as required by legislation. Based on the results of water samples taken at consumer points, including recreational water sources like public swimming pools, there have been no reports of waterborne or water-related diseases. This can be attributed to the health and hygiene programmes and water quality monitoring programmes that have been implemented.

## **HEALTH AND HYGIENE**

### **INTRODUCTION TO HEALTH & HYGIENE**

The MHS Education & Awareness programmes achieved their goals by hosting a number of events at various venues. These events aimed to raise awareness and improve the overall health and hygiene of the communities.

In the previous year, a consultative Induction Workshop was held at the EL ICC on 2 June 2022. Following that, similar sessions were held for the Ward Committees from all three

regions. These sessions took place at three different venues across all regions. The purpose of these workshops was to provide Ward Committees with information about nine MHS legislated functions, two SOPs (Pauper burials & Ritual slaughtering), and District Health services.

Education and awareness sessions are regularly conducted at Early Childhood Development (ECD) Centres and other specified neutral venues. These sessions aim to equip operators, assistants, and even children with the necessary information for the centres. On 15 June 2023, a formal training workshop for operators and assistants from all three regions was conducted at Hemingway's Hotel. The programme addressed various topics, including general hygiene, vector control, the 5-keys to safer food, and norms and standards relevant to ECD Centres. One hundred and ten operators, representing ECD Centres across all three regions, participated in the workshop and were presented with Certificates of Attendance.

Two formal workshops on Health and Hygiene and Safe Food Handling were conducted at Hemingway's on 21 June 2023, and the Blue Lagoon on 27 June 2023, respectively. The discussions covered topics such as general hygiene, vector control, the 5-keys to safer food, and kitchen requirements. The primary target audience for these workshops was food handlers engaged in the preparation of meals in school settings.

Lastly, the MHS coordinated three formal education and awareness training sessions, primarily aimed at foreign business operators, including Ethiopians, Somalians, Pakistanis, and Bangladeshis. These educational sessions were conducted concurrently with planned operations, inspections, and multistakeholder operations.

## **THE MUNICIPAL HEALTH SERVICES – MULTISTAKEHOLDER COMPLIANCE AND ENFORCEMENT OPERATIONS**

The BCMM has experienced a significant increase in the number of informal food premises, such as spaza shops operating in containers or illegal structures, including those located in residential buildings without approval from the Spatial Planning & Development Directorate. This rise is particularly prevalent in peri-urban areas, informal settlements, townships, and rural villages

The MHS Department has mobilised all relevant departments in various Directorates within the Metro (internal stakeholders) as well as Sector Government Departments (external stakeholders) to carry out joint operations. The aim of these operations is to promote and enforce compliance within the food business trade. Ultimately, the goal is to protect the health of both Buffalo City citizens and visitors. These multistakeholder operations, which began in July 2022, are focused on these premises in various wards of BCMM as part of an overall strategy for compliance and enforcement.

### **STAKEHOLDER INVOLVEMENT**

**The following internal stakeholders participated in the operations:**

- a) Municipal Health Services (MHS)
- b) Solid Waste Management (SWM)
- c) Vegetation Control
- d) Local Economic Development (LED)
- e) Spatial Planning & Development
- f) Law Enforcement
- g) Traffic Services
- h) Disaster Management
- i) BCMM Communications

**The following external stakeholders participated in the operations:**

- a) Department of Employment and Labour (DOEL)
- b) South African Revenue Services (SARS)
- c) South Africa Police Services (SAPS)
- d) Department of Community Safety (Let Us Find Them)
- e) Department of Home Affairs (Immigration Office)
- f) Department of Economic Development, Environmental Affairs & Tourism (DEDEAT)
- g) South African Health Products Regulatory Authority (SAHPRA)

**Pictorial Evidence: Multistakeholder Operations**



**Figure 80: Multistakeholder operations**

**T 3.19.1**

## SERVICE STATISTICS FOR HEALTH INSPECTION, ETC.

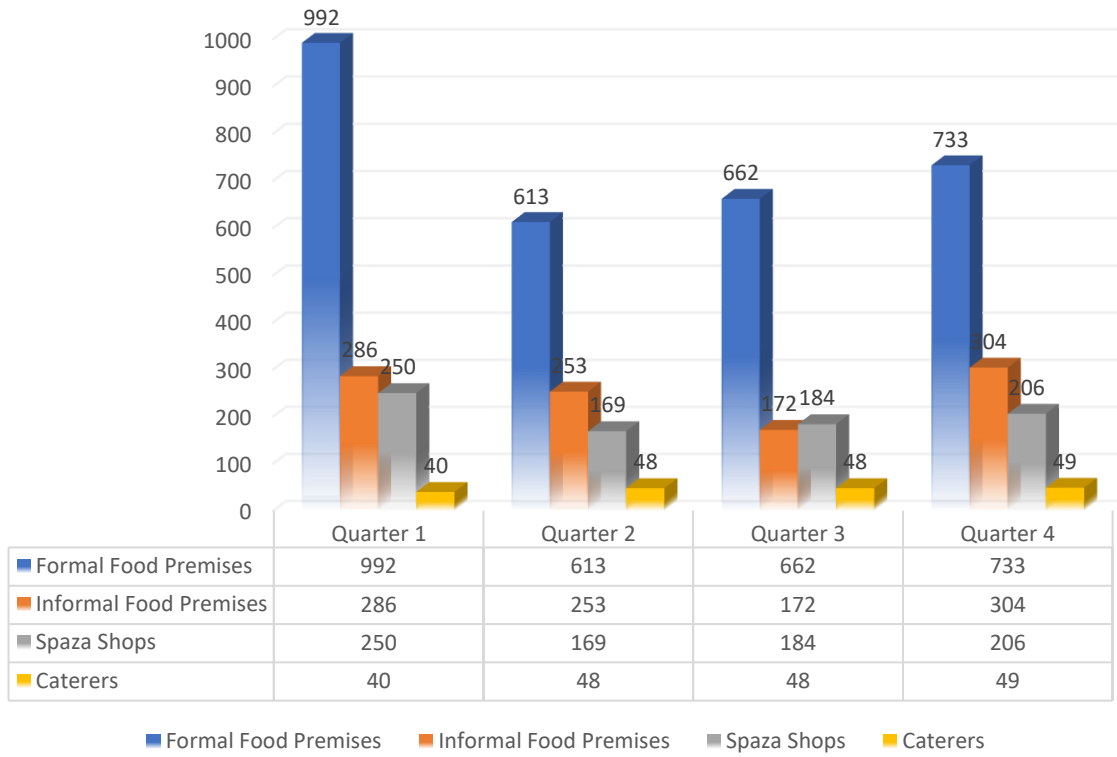
### INSPECTION/SURVEILLANCE OF FOOD PREMISES

During the year of reporting, five thousand & nine (5009) food premises (formal, informal, spaza shops & caterers) were inspected both routinely and during multistakeholder operations in terms of Government Notice No. 638 (Regulations Governing General Hygiene Requirements for Food Premises, the Transport of Food and Related Matters).

**Table 112: breakdown of food premises inspected per quarter for 2022/23 financial year**

<b>Period</b>	<b>Total Number of inspections</b>	<b>Formal Food Premises</b>	<b>Informal Food Premises</b>	<b>Spaza Shops</b>	<b>Caterers</b>
First Quarter (July – September 2022)	<b>1 568</b>	992	286	250	40
Second Quarter (October – December 2022)	<b>1 083</b>	613	253	169	48
Third Quarter (January – March 2023)	<b>1 066</b>	662	172	184	48
Fourth Quarter (April – June 2023)	<b>1 292</b>	733	304	206	49
<b>Total</b>	<b>5 009</b>	<b>3 000</b>	<b>1 015</b>	<b>809</b>	<b>185</b>

## FOOD PREMISES INSPECTIONS - 2022/2023



**Figure 81: Food premises inspections (2022/2023)**

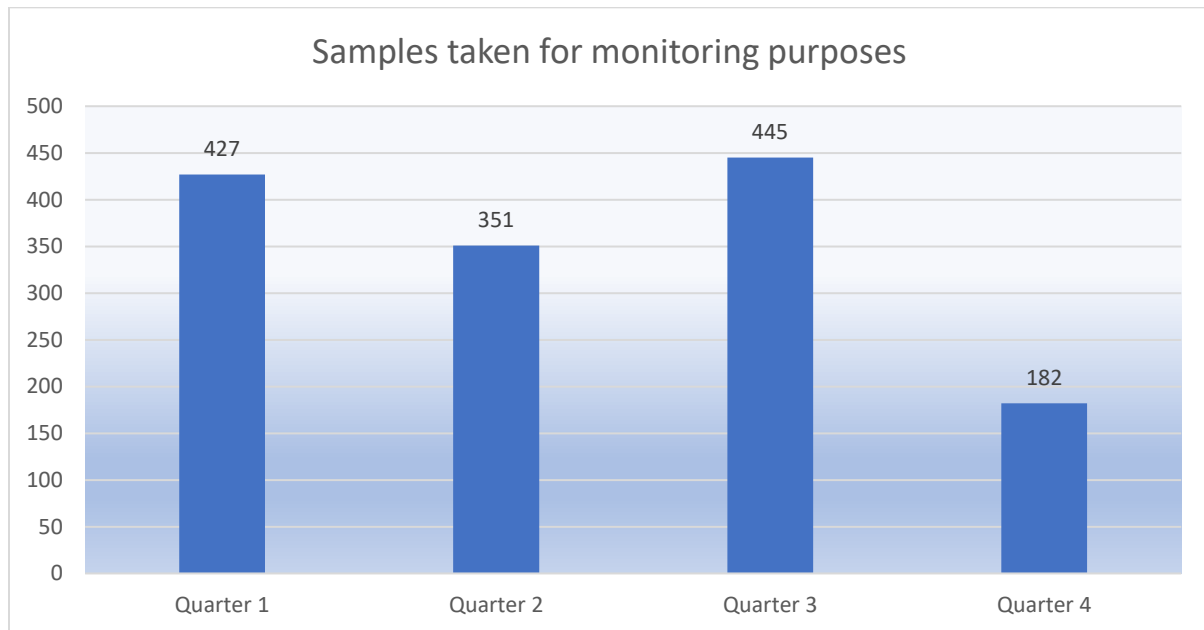
### SERVICE STATISTICS FOR DRINKING WATER QUALITY MONITORING

During the reporting year, a total of 427, 351, 445, and 182 water samples were taken at different intervals from various facilities as mentioned above. These samples were taken to the National Health Laboratory Services (NHLS) located at Frere Hospital in EL and BCMM Scientific Services Laboratory.



**Table : The number of water samples taken per quarter in the 2022/2023 financial year**

Period/ Quarter	Samples Taken
First Quarter (July – September 2022)	427
Second Quarter (October – December 2022)	351
Third Quarter (January – March 2023)	445
Fourth Quarter (April – June 2023)	182
<b>Total</b>	<b>1 405</b>



**Figure 82: Water samples taken for monitoring purposes during 2022/2023**

**Outcomes of water samples taken for monitoring purposes**

A minimal percentage of failures was noted primarily in Public Health Care facilities that rely on rainwater harvesting via JoJo tanks. Contamination in these centres is occasionally attributed to the combination of carted water and direct Municipal supply into the same storage tanks. The Department of Health, Buffalo City Health District, has been duly informed of these failures. Notably, no failures were recorded in the facilities solely dependent on a Municipal

supply scheme. This provided an indication of operational treatment efficiency in accordance with SANS 241-1:2015 (Drinking Water Standard). The analysis of drinking water revealed a low risk of infection in the water supplied by BCMM Municipal schemes, affirming its suitability for human consumption.

### SERVICE STATISTICS FOR HEALTH AND HYGIENE CAMPAIGNS

Municipal Health Services Department undertook the following education & awareness raising campaigns:

**Table 113: Education and awareness raising campaigns undertaken by the MHS**

<b>Date</b>	<b>Name of Event/ Calendar Event</b>	<b>Place/ Area</b>	<b>Ward(s)</b>	<b>Target group(s)</b>
11 August 2022	Early Childhood Centres Operators Workshop	The Venue at Hemingways Mall	Coastal & Midland Regions	50 ECD Centres Operators
27 August 2022	Foreign Shopkeepers Workshop – Food Business	BCMM Wellness Boardroom & Hybrid	All 50 Wards	115 Foreign shopkeepers at the venue – Ethiopians
2 September 2022	Foreign Shopkeepers Workshop – Food Business	Ginsberg Hall	All Inland Wards	119 Foreign shopkeepers at the venue – Ethiopians
07 September 2022	BCMM Ward Committees Workshop	Clements Kadal Hall	All Coastal Region Duncan Village Wards	112 Coastal Region Ward Committee members
14 September 2022	BCMM Ward Committees Workshop	Robie De Lange Hall	All Coastal Region Wards	110 Coastal Region Ward Committee members
21 September 2022	BCMM Ward Committees Workshop	NU10 Community Hall	All Midland Region Wards	142 Midland Region Ward Committee members

27 September 2022	Foreign Shopkeepers Workshop – Food Business	BCMM MHS boardroom	All Coastal Region Wards	28 Foreign Shopkeepers at the venue – Bangladeshis
28 September 2022	BCMM Ward Committees Workshop	Qonce Hall	All Inland Region Wards	150 Inland Region Ward Committee members
15 June 2023	Early Childhood Centres Operators Workshop	The Venue at Hemingways Mall	All Regions	60 ECD Centres Operators
21 June 2023	Food Handlers Workshop	The Venue @ Hemingways Mall	Coastal & Inland Wards	65 Food Handlers (school nutrition)
27 June 2023	Food Handlers Workshop\	The Blue Lagoon, Beacon Bay	Midland Wards	60 Food Handlers (school nutrition)



**Figure 83: BCMM Ward Committee's workshop**



**Figure 84: Food Handlers Workshop (school nutrition) – Blue Lagoon, Beacon Bay**

## Pictorial evidence: Health & Hygiene Events



**Figure 85: ECD Centre's Operators Workshop – Hemingways Hotel**



**Figure 86: Foreign Shopkeepers Workshop – Ginsberg Hall**



Figure 87: Foreign Shopkeepers Workshop



Figure 88: BCMM Wellness boardroom and hybrid

## SERVICE STATISTICS FOR MULTISTAKEHOLDER OPERATIONS

During 2022/2023, a total of 19 compliance and enforcement operations were undertaken within the Metro as follows:

**Table 114: Service statistics for multistakeholder operations**

Regions:	July 2022	August 2022	September 2022	October 2022	November 2022	March 2023	April 2023	May 2023	June 2023
<b>Coastal</b>	15 <sup>th</sup> – Ward 47 (North End); 22 <sup>nd</sup> – Ward 46 (Bongweni, Fort Grey, Santa & Orange Grove); 29 <sup>th</sup> – Ward 15 (Nompumelelo T/ship)	5 <sup>th</sup> – Ward 3 (Southwood); 12 <sup>th</sup> – Ward 47 (Quigney); 19 <sup>th</sup> – Wards 9 & 16 (Amalinda & Amalinda Forrest)	23 <sup>rd</sup> – Part Wards 3 & 47 (EL CBD)	21 <sup>st</sup> – Ward 10 (Scenery Park); 26 <sup>th</sup> – Wards 32 & 46 (Ncera – Sunny South, Leaches Bay)	18 <sup>th</sup> – Wards 4 & 16 (Cambridge & Cambridge Location)	23 <sup>rd</sup> – Ward 15 (Ducauts South & North); 30 <sup>th</sup> – Ward 4 (Highgate & Cambridge)	13 <sup>th</sup> – Ward 47 (EL CBD & North End)	10 <sup>th</sup> – Wards 15, 28 & 47 (Nompumelelo, Beacon Bay & EL CBD)	14 <sup>th</sup> – Ward 47 (EL CBD)

<b>Midland</b>	None	None	None	None	None	None	None	11 <sup>th</sup> – Ward 14 (Mant sane Highwa y CBD)	None
<b>Inland</b>	None	None	2 <sup>nd</sup> – Ward 37 (Qonce CBD & Cambrid ge Street residenti al)	None	None	None	None	None	None

**T 3.19.2**



**Table 115: Health inspection and Etc policy objectives taken from IDP**

Health Inspection and Etc Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target		Actual	Target
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
<b>Service Objective xxx</b>							
Provision of integrated Municipal Health Service	Health & Hygiene Programme	8	8	8	24	24	24
	Food sampling and analysis	400	788	400	400	494	400
	Number of water samples taken for monitoring purposes	1 000	1 626	1 000	1 000	1 413	1 200
							T3.19.3

**Table 116: Employees: Health inspection, etc.**

Employees: Health Inspection, etc.					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	16	14	13	1	7,1%
4 – 6	2	4	4	0	0%
7 – 9	10	12	10	2	16,6%
10 – 12	25	30	28	2	6,6%
13 – 15	6	6	6	0	0%
16 – 18	1	2	2	0	0%
19 – 20	0	1	1	0	0%
Total	60	69	64	5	7,2%
					T 3.19.4

**Table 117: Financial performance year 2022/2023: Health inspection, etc.**

Financial Performance Year 2022/2023: Health Inspection, etc.					
					R'000
Details	2021/2022	2022/23			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>73</b>	<b>32</b>	<b>36</b>	<b>36</b>	<b>12%</b>
Expenditure:					
Employees	39 958	40 090	45 943	45 943	13%
Repairs and Maintenance	465	572	596	537	-7%
Other	4 156	5 979	3 262	2 933	-104%
<b>Total Operational Expenditure</b>	<b>44 579</b>	<b>46 641</b>	<b>49 801</b>	<b>49 412</b>	<b>6%</b>
<b>Net Operational Expenditure</b>	<b>44 506</b>	<b>46 609</b>	<b>49 765</b>	<b>49 376</b>	<b>6%</b>
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 3.19.5

**Table 118: Capital expenditure 2022/2023: Health inspection, etc.**

Capital Expenditure 2022/2023: Health Inspection, Etc.					
					R' 000
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>2 000</b>	<b>5 129</b>	<b>1 297</b>	<b>-54%</b>	

AIR MONITORING STATION	1 000	1 000	385	-160%	2 856
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND	1 000	1 000	–	0%	1 000
AIR MONITORING STATION c/o		1 019	803	100%	1 019
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND c/o		2 000	–	0%	2 000
TOOLS & EQUIPMENT c/o		110	110	100%	110
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.19.6</i>

**COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc., OVERALL:**

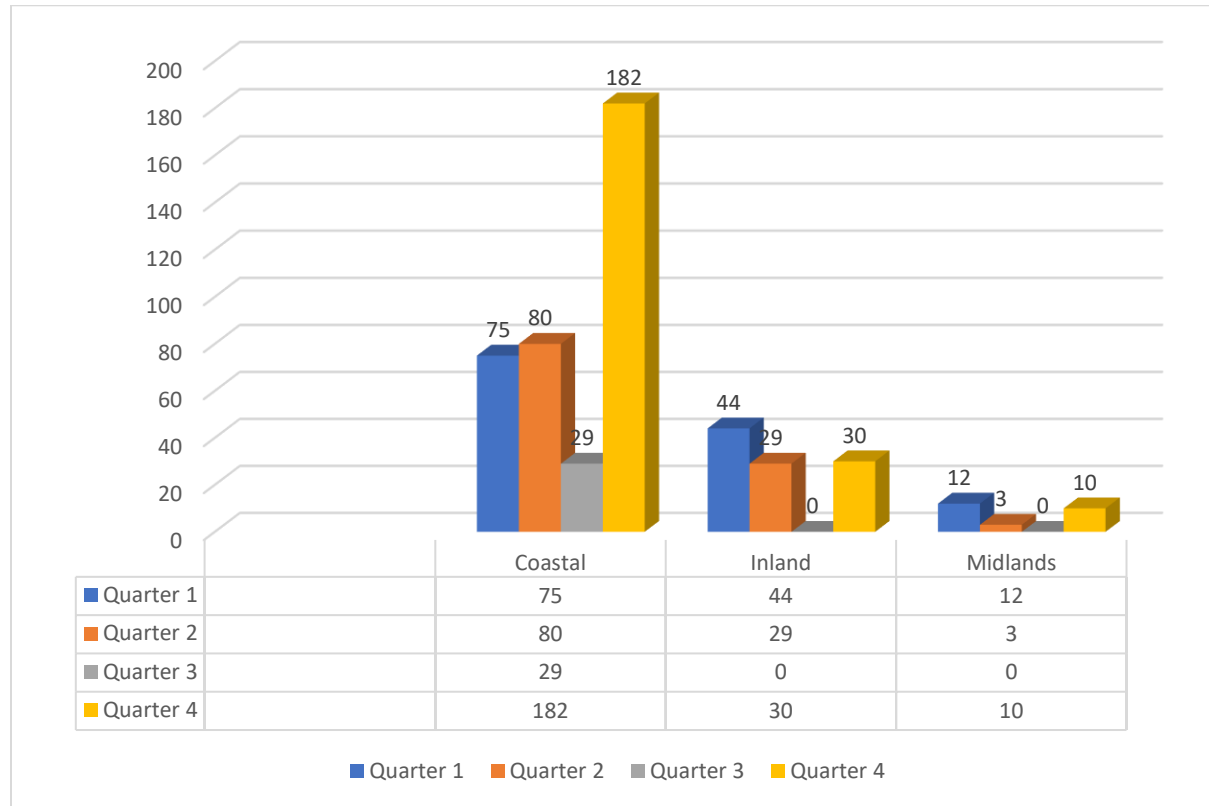
The are no capital projects under the Health Inspections programme as it is operational in nature.

**SAMPLING OF FOOD PRODUCTS**

A total of 494 samples underwent bacteriological and chemical analysis at both the BCMM Municipal Scientific Services Laboratory and the NHLS. These diverse samples included raw milk, dairy products, ice cream/soft serve, salts, energy drinks, sweets, dairy drinks, cheese, sauces, peanut butter, egg-based desserts, biscuits/cookies, dried fruits, vinegars, canned vegetables, canned fruits, and various other items.

All the samples submitted for chemical analysis at the NHLS Forensic Chemistry Laboratory were found to be compliant with Regulation No. R1145 of 2004, published under the Food Stuffs, Cosmetics and Disinfectants Act, No. 54 of 1972. Similarly, 444 food samples, which constitute 90% of the samples submitted for microbiological analysis at both BCMM Scientific Services and NHLS laboratories, were also compliant with the regulations.

Notices were issued to the premises that had non-compliant food products, mainly ice cream/soft serve. This non-compliance was typically attributed to higher temperatures resulting in mild bacterial growth. Companies failing to meet compliance standards received compliance notices, restricting the sale of the product until a subsequent resampling is conducted and found to be compliant. Routine inspections and occasional sampling are carried out to secure sustained compliance for companies already adhering to regulations.



**Figure 89: Number of food samples taken (2022/2023)**

**The achievements of the multistakeholder operations were as follows:**

- a) The number of applications for a Certificate of Acceptability by food premises owners increased.
- b) The number of applications for business licenses and payments by food premises increased.
- c) A substantial number of Section 56 Notices/Admission of Guilt fines were issued to food premises operating without business licenses.
- d) The DOEL took action regarding the poor working conditions for employees in these premises, in accordance with their OHS requirements.
- e) Awareness was created for community members through BCMM social media and MHS offices.

- f) There was a slight improvement in the food compliance rate in BCMM. However, the discovery of many food premises not listed in the institutional database may reduce the compliance rate.
- g) The visibility of Metro personnel within communities improved, inspiring hope and a sense of responsiveness.
- h) A significant number of illegal immigrants were arrested, detained, verified, and placed for deportation by immigration officers.
- i) A high number of businesses in the CBD and townships were discovered to be unregistered for solid waste collection and not paying the required tariffs.
- j) Large volumes of expired and damaged food products were seized, detained, and removed from various food premises, mainly owned and operated by foreigners, during the compliance and enforcement operations for disposal/destruction.
- k) Over R2 000 000 worth of illegally sold scheduled and unscheduled medicines and cosmetics were seized and detained at various police stations and collected by the SAHPRA for destruction.

**T 3.19.7**

## COMPONENT G: SECURITY AND SAFETY

### Law Enforcement & Security & CCTV Services

#### Traffic Services

### 3.20. POLICE

#### 3.20.1. INTRODUCTION TO POLICE

##### **PROGRESS TOWARDS THE ESTABLISHMENT OF METRO POLICE – STATUS QUO REMAINS**

The establishment of the BCMM Metro Police has yet to be approved by the MEC for Safety and Security. Correspondence relating to the progress regarding the establishment of Metro Police was sent to both the MEC for Safety and Liaison and the Head of Department Eastern Cape Province COGTA on the 1st December 2021, wherein it was highlighted that BCMM submitted all the outstanding information requested to the MEC Office.

Since Metro Police has not been established, BCMM will still report separately as Traffic Services and Law Enforcement Services.

This section is divided into Traffic Services and Law Enforcement Services.

##### **INTRODUCTION TO TRAFFIC SERVICES**

The City's legislative mandate, as outlined in Section 156 and Schedules 4 and 5 of the Constitution (RSA, 1996), includes providing a traffic service. The goal of Traffic Services is to ensure safe road usage in the City and to improve road safety through effective driving licence services and traffic enforcement.

The BCMM's Traffic Services strives to achieve several objectives: ensuring the roadworthy compliance of all motor vehicles; increasing voluntary compliance of road users with road rules; providing customer-oriented services for drivers, vehicles, and learners licences; delivering quality services in law enforcement, logistics and administration, education, and licensing; and reducing rates of traffic offences, crashes, and fatalities.

These systems aim to enhance driver safety, reduce the severity of accidents, minimise driver conflicts, improve vehicle roadworthiness and operation, and provide additional ancillary services that foster better relationships between Traffic Services and the community. Traffic control systems play a critical role, not only in ensuring the safety of drivers, passengers, and pedestrians but also in fostering a heightened awareness of the significance of road safety.

Furthermore, the Traffic Services operates throughout the Metro, with Traffic Centres located in the Coastal region (East London and Gonubie Traffic Centres), the Inland region (Qonce, also known as King William's Town Traffic Centre), and the Midland region (Mdantsane Traffic Centre). These Traffic Centres provide comprehensive services to their respective communities, eliminating the need for individuals to travel long distances to renew their drivers or vehicle licences or obtain learners licences.

## **TRAFFIC SERVICES IN TERMS OF THE IDP OBJECTIVES (2022/2023 FY)**

- **REDUCTION IN ROAD TRAFFIC FATALITIES**

**Reduce the severity of accidents:** The implementation of traffic control strategies contributes to a decrease in the severity of accidents, particularly in and around intersections. By enhancing driver awareness of proper traffic flow, these strategies lead to fewer high-impact accidents at lower speeds.

These factors stand as prominent contributors to road accidents in South Africa, forming the focal points of traffic safety campaigns aimed at instilling compliant behaviour in both current and future motorists. These factors include distractions, drunk driving, speeding, reckless driving, jaywalking, inclement weather, poor road conditions, driver and vehicle fitness, as well as failure to wear a seat belt. The department has successfully met the reporting standard of 5% for the year under review, ensuring accountability and progress in addressing these critical issues.

**Table 119: Road traffic fatalities for the 2022/2023 period**

Total accumulative road traffic fatalities for the year under review for the period of 2022/2023 – Annual target of 5% reduction		
Quarter	Total Actual	% Decrease of per quarter calculated at 1.25%x4=5% target reduction
Q1	50	1,04%
Q2	38	0,79%
Q3	29	0,60%
Q4	36	0,75%
TOTAL	153	3,19%

Actual 153 x 5% Annual Target ÷240= **3,19** % decrease for the period 2022/2023

Note:

- Fatalities statistics are sourced from the SAPS database. It is crucial to emphasise that only the Minister of Police holds the authority to officially release crime statistics. While there is collaboration between the SAPS, Road Traffic Management Corporation (RTMC), and other entities, and data from the BI (Business Intelligence) System is being shared, this does not ensure the accuracy of such information. Therefore, it cannot be considered as official statistics.
- Due to the complex nature of the indicator, accidents and fatalities can happen at any time. Despite the availability of resources, such as safety awareness campaigns and frequent roadblocks aimed at deterring unlawful behaviour, it is the responsibility of road users to be more vigilant and comply with traffic laws. It would not be appropriate to provide estimates for road traffic fatalities and infringements, as these factors are beyond the Department's control and can occur unpredictably.
- *For example: A roadblock, safety awareness campaigns, drunken driving campaigns, and roadworthy operations can all occur at an intersection. Drivers are expected to proceed through the checkpoints in full compliance with road traffic rules. Nevertheless, once the driver has passed the roadblock, there is a noticeable shift in their behaviour. It is not uncommon for them to accelerate or engage in reckless driving, actions that have the potential to cause accidents and inflict serious consequences on fellow road users.*



- **PERCENTAGE INCREASE IN REVENUE COLLECTION**

Traffic fines are penalties that are imposed on motorists for violating traffic laws. They are issued by traffic authorities, traffic officers, and municipalities. The purpose of these fines is to deter traffic violations and promote responsible driving behaviour. Additionally, the state-of-the-art mobile office of the Automatic Number Plate Recognition (ANPR) system is used to detect violations for outstanding fines. The use of ANPR at roadblocks is not only used to detect outstanding fines, but it also allows officers to carry out other enforcement checks. These checks may include verifying vehicle fitness, the validity of the licence disk, and assessing the condition of the driver.

**Table 120: Total accumulative revenue collected for traffic road violations (2022/2023)**

Total accumulative revenue collected for traffic road violations for the year under review (2022/2023) is as follows:	
<b>TOTAL</b>	<b>R11 507 630,21</b>
<ul style="list-style-type: none"> <li>• It should be noted that the total revenue collected for traffic fines in the year under review was based on the amendment to the SDBIP report. This was due to the anticipated inception of AARTO (Administrative Adjudication Road Traffic Offences), which was scheduled to take place on 1 July 2021.</li> <li>• Traffic Services operates within the following legislations: the National Road Traffic Act, the Directive of Public Prosecutions, the Criminal Procedure Act, and the National Land Transportation Act. As a result, Traffic Services cannot deviate from these guidelines when it comes to issuing traffic fines and collecting them. It is important to note that revenue collection is not the core function of Traffic Services.</li> <li>• Offenders fail to voluntarily come forward to settle fines, placing the responsibility squarely on the offender to address outstanding payments. This presents a challenging and intricate problem.</li> </ul>	

- Offenders facing financial strain are unable to pay their fines due to unemployment and job cuts.
- The implementation of speed cameras as a deterrent against excessive speeding, the execution of bulk proxies, and the escalation of SMS notifications, coupled with the provision of extra Easypay and banking options for the public, constitute measures adopted in BCMM to tackle outstanding fines. Furthermore, the deployment of mobile ANPR and the promotion of payment through various media platforms serve as additional tools to enhance awareness of these fines.

- **WARD PRIORITIES – ROAD MARKINGS AND SIGN ERECTING**

Road markings in BCMM play a crucial role as they communicate essential requirements and information to drivers, supplementing what may not be adequately conveyed through road signs alone. These markings serve to regulate, control, and caution traffic by delineating carriageway and traffic lane boundaries, as well as guiding traffic in specific directions. Road markings are often more visible than signs, which can sometimes be obscured, and they provide a continuous message to drivers of moving vehicles. This continuity can be difficult and expensive to achieve. The primary purpose of road signs, signals, and markings is to facilitate the safe flow of traffic by regulating it, warning motorists of upcoming road conditions, providing essential information, and offering guidance on routes and destinations. Nevertheless, in the year under review, the process of installing road markings and erecting traffic signs encountered various challenges. These challenges encompassed rising costs of materials and paint, shortages of stock, delays in placing orders, and instances of theft involving newly erected signs.



**Figure 90: Road markings in BCMM**

**SERVICE DELIVERY PROJECTS UNDER TRAFFIC SERVICES FOR THE YEAR UNDER REVIEW:**

Although several projects were initiated under Traffic Services in the year under review, some of them could not be finalised due to various challenges.

**Table 121: Service delivery projects**

<u>Description</u>	<u>Budget</u>	<u>Comments on project</u>
Backup Generators: Traffic Services	R2 500 000,00	Due to the ad-hoc power outages caused by load shedding, the Department prepared and submitted specifications to install generators. Due to challenges experienced with internal systems during the year under review, the projects could not be completed.

Traffic & Law Enforcement Equipment	R1 000 000,00	The procurement of body cameras is underway, with funding rolled over into the 2023/2024 financial year.
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T 3.20.1

## 1. TRAFFIC SERVICES: AUXILIARY SERVICES

Traffic Services Auxiliary Services comprises of six departments, namely:

1. Technical Services: Responsible for road markings and erecting traffic signs.
2. Roadworthy Services: Responsible for testing vehicle fitness.
3. Registration & Licencing: Responsible for the renewal, registration, and licencing of vehicles.
4. Driving Licence: Responsible for the renewal, application, and testing of drivers.
5. Learners Licence: Responsible for the application and testing of potential road users.
6. Process Section: Responsible for the processing of traffic infringements.

During the period under review, the following auxiliary service activities were conducted:

**Table 122: Auxillary service activities**

<b><u>GENERAL ACTIVITIES</u></b>	<b><u>Total for the period of 1 July 2022 to 30 June 2023</u></b>
ROADWORTHY EXAMINATIONS TESTED	87
LEARNERS LICENCES – TESTED	10 327
LEARNERS LICENCES – PASSED	3 961

LEARNERS LICENCES – FAILED	6 365
DRIVING LICENCES – TESTED	3 351
DRIVING LICENCES – PASSED	1 998
DRIVING LICENCES – FAILED	1 291
PUBLIC DRIVING PERMITS	6 895
SECTION 56 NOTICES	27 161
SECTION 341 NOTICES	14 128
CREDIT CARD ISSUES	10 023
VEHICLE LICENCES	96 172
VEHICLE REGISTRATIONS	38 871

## 2. TRAFFIC SERVICES – OPERATIONS

Traffic Services is tasked with coordinating traffic and ensuring orderly movement at intersections. The implementation of traffic control measures is essential to effectively guide vehicles and pedestrians. Without these measures, intersections could descend into chaos. By regulating the flow of vehicles and pedestrians, the emphasis is placed on prioritising safety and efficiency.

Traffic operations comprises of 88 traffic officers who enforce traffic laws and ensure compliance with regulations. Despite efforts to promote community safety through law enforcement initiatives, there are still frequent instances of by-law transgressions. The past year presented various challenges for traffic officers, including staff and fleet shortages.

**Table 123: Number of roadblocks in BCMM**

<b>Total Number of Roadblocks in BCMM</b>	
Joint roadblocks with SAPS	374
Total roadblocks cancelled – this can be attributed to adverse weather conditions, protests, intermittent load shedding, and instances where traffic officers were deployed in adherence to other operational requirements.	166

Total number of hits recorded	67 558
Total number of notices finalised	9 280
Camera images uploaded	141 367
Camera images processed	84 168
<b>OPERATIONAL ACTIVITIES</b>	
Camera mailer prosecutions	923
Arrest warrants executed	96 308
Arrests DIC	71
Other arrests	13
Section 54 summonses issued	93
Vehicles suspended from use under Section 44	2 402
Total number of safety awareness campaigns	292
Total number of engaged learners	40 386

## EVENTS

Events like the opening of Parliament are integral to the responsibilities of Traffic Services, aimed at ensuring the seamless flow of traffic and preventing gridlock, which can lead to significant traffic disruptions.



**Figure 91: Opening of Bhisho Parliament**

In the year under review, the "Safer Festive Season Launch", typically held at the Traffic Services Central Office in the Braelyn Traffic Department, saw a unique deviation. Instead, the launch took place in Qonce. This event marks the culmination of years of tradition, spotlighting the collective efforts of Traffic Services, Law Enforcement Services, SAPS, and South African Breweries (SAB).



**Figure 92: Honourable Executive Mayor Cllr X. Pakati launches Festive Season (Qonce)**



Figure 93: Festive season launch (November 2022)



## LAUNCH OF THE MOBILE ALCOHOL EVIDENCE CENTRE



**Figure 94: Mobile alcohol testing station**

Buffalo City Metropolitan Traffic Services, in partnership with SAB, is honoured to launch the mobile Alcohol Evidence Centre (AEC) as part of the Traffic Services and SAB (PTY) LTD initiative. This joint effort is dedicated to fostering safer roads in our Metro. While the vehicle will have a base in Qonce, it is important to highlight that the unit is dynamic and can be deployed throughout BCMM as required. This vehicle is poised to be a valuable asset to the Metro.

The unit is comprehensively equipped and configured as a fully functional fixed AEC, featuring:

- EBAT operator's cubicle
- CCTV system
- Complete office equipment furnishing
- Medical fridge
- Personal Protective Equipment (PPE)
- Full branding for the unit.

#### **MOBILE VEHICLE TESTING STATION OPERATIONS:**

In the year under review, a total of 1 065 vehicles underwent testing, with 988 of them subsequently suspended. This enhancement in the Department's performance during roadblocks stems from the immediate impoundment of vehicles found to be non-roadworthy. The detected transgressions exhibited a range of issues, encompassing defective service brakes, faulty parking brakes, worn-out tyres, tyres not meeting manufacturers' and SABS specifications, oil leaks, malfunctioning steering mechanisms, broken or faulty lights, shattered windows or windscreen, windshields obscured with plastic affecting visibility, lowered suspensions, vehicle chassis subjected to cutting and welding, structural damage to the body/chassis, and an overall poor appearance of the vehicle. Each of these factors significantly contributes to a heightened risk of road accidents and, in certain instances, road fatalities.



Mobile VTS operations  
 17<sup>th</sup> -18<sup>th</sup> September 2022  
 Total number of vehicles = 43



**Figure 95: Vehicle roadworthy tests operations**

**CHALLENGES OF YEAR UNDER REVIEW: TRAFFIC SERVICES**

The year under review has been marked by various challenges that have had an impact on service delivery. The following are the challenges faced:

- Intermit load shedding continues
- Closure of offices due to poor infrastructure
- Budget related projects and budget cuts
- Filling of vacant funded posts
- Finalisation of projects
- Ageing of fleet

## **OVERALL PERFORMANCE**

- Over the course of the year, there were 374 successful road safety operations. These operations made use of the MVTIS and an ANPR system, resulting in a total of 141 367 camera images being uploaded. Out of these, 84 168 images were processed and 9 280 notices were finalised. Collaborative efforts with different stakeholders led to 71 arrests for drunken driving and 13 arrests for other criminal offences.
- Over 292 school safety campaigns have been conducted, engaging a total of 40 386 learners.
- Over 515 479 engagements with the public have been made for various transactions, including driver's licences, learner's permits, professional driving permits (PrDP) permits, roadworthy certificates, and vehicle registration and licencing.

## **INTRODUCTION TO LAW ENFORCEMENT SERVICES**

Buffalo City Metropolitan Law Enforcement Services, incorporating the BCMM Security Services and Closed-Circuit Television Department, serves the needs of the entire BCM, including the Coastal, Midland, and Inland Regions. The primary responsibility of the Law Enforcement Department is to protect all municipal employees and assets across this vast jurisdiction. This includes crime prevention duties and traffic-related work, often in collaboration with other law enforcement agencies and relevant internal and external departments.

Law enforcement personnel play a crucial daily role in providing essential protection to municipal employees across various departments, especially those whose work exposes them to potential risks. The Metro grapples with a significant challenge related to the illegal theft of electricity, requiring close coordination with the BCMM Electrical Department. Electricians must physically disconnect and remove these illegal connections, often encountering resistance from the public. Law enforcement services are required to protect these employees and ensure that their work is not hindered.

Law enforcement also provides a VIP protection service, with selected officers providing close protection to the Metro's executives and higher officials on an ongoing basis. Other duties include attending to protest actions, both planned and unplanned, which regularly occur in and around the Metro. Law enforcement officers serve as a direct bridge between the community and BCMM councillors and officials, particularly in such cases. The Department also deals with land invasion issues, conducting operations in accordance with the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (PIE) Act when there is an illegal invasion of municipal land.

The Law Enforcement Department is also mandated with upholding and enforcing the Metro's by-laws. This includes regulating activities such as hawker trading, beach usage, and illegal dumping throughout the City. Law enforcement officers regularly patrol identified problematic areas within the Metro's many suburbs in marked law enforcement vehicles. This visible presence helps deter criminals and lawbreakers. Systematic inspections are carried out at municipal installations and amenities to ensure efficient delivery of public services. Law Enforcement Services collaborate with the SAPS and other stakeholders in the safe planning and management of events, concerts, races, roadshows, public elections, etc., to ensure compliance with public order and crowd management regulations.

Law enforcement officers also undergo training through the EC Liquor Board and are qualified as Liquor Inspectors. Regular inspections of liquor outlets and establishments are conducted to ensure compliance with regulations regarding the sale and consumption of alcohol, including strict trading hours.

#### **LAW ENFORCEMENT SERVICES IN TERMS OF THE IDP OBJECTIVES (2022/2023 FY)**

- **Reduction of Crime:**

The implementation of crime prevention strategies encompasses the mitigation of risk factors, including vandalism of infrastructure and municipal assets.

- **Enforcement of By-Laws:**

By-laws serve as essential policy-implementing tools employed by the Metro to regulate and promote compliance within the communities of the BCMM. \

- **Rollout of CCTV Cameras:**

The ongoing deployment of CCTV cameras and surveillance equipment across the BCMM to monitor and prevent criminal behaviour is paramount in positioning the city as a place free from violence, crime, and anti-social behaviour.

- **Community Safety Forums:**

A Community Safety Forum was launched on 27 June 2023 in conjunction with various stakeholders.

**SERVICE DELIVERY PROJECTS UNDER LAW ENFORCEMENT SERVICES FOR THE YEAR UNDER REVIEW:**

While projects under Law Enforcement Services were initiated during the year under review, some of them faced challenges that prevented their finalisation.

**Table 124: Projects under law enforcement**

<u>Description</u>	<u>Budget</u>	<u>Comments on project</u>
Roll-out of CCTV Cameras	R2 000 000,00	The Department prepared and submitted specifications for the installation of CCTV cameras. However, due to challenges experienced with internal procurement systems during the year under review, the projects could not be completed.
Specialised Traffic & Law Enforcement Vehicles	R3 000 000,00	The project has been completed; five specialised vehicles have been procured and delivered.
		<i>T 3.20.1</i>

**Table 125: Traffic service data**

Traffic Service Data					
	Details	2021/2022	2022/2023		2023/2024
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	137	240	153	240
2	Number of by-law infringements attended	N/A	N/A	N/A	N/A
3	Number of traffic & law enforcement officers in the field on an average day	88	102	80	94
4	Number of traffic & law officers on duty on an average day	88	102	80	94
					<i>T 3.20.2</i>

**Table 126: Law enforcement service data**

Law Enforcement Service Data					
	Details	2021/2022	2022/2023		2023/2024
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	N/A	N/A	N/A	N/A
2	Number of by-law infringements attended	93 948	93000	52 165	93 500
3	Number of traffic & law enforcement officers in the field on an average day	81	80	87	94
4	Number of traffic & law officers on duty on an average day	41	41	87	94
					<i>T 3.20.2</i>



**Table 127: Police policy objectives taken from IDP**

Police Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/2022		2022/2023		2023/2024	2024/2025		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
<i>Promote sound financial and administrative capabilities</i>	% Reduction in road traffic fatalities on BCMM roads	5%	2,85%	5%	5%	3,19%	5%	NYD	NYD
<i>Promote sound financial and administrative capabilities</i>	Total increase in the amount of revenue collected for traffic fines	R10 500 000,00	R12 530 796,35	R10 500 000,00	R10 500 000,00	R11 507 630,21	R10 500 000,00	NYD	NYD
To create a safe environment for urban and rural citizens	Continuous Roll-out of CCTV surveillance cameras	R1 000 000	R767 806,00	R2 000 000	R2 000 000	R2 000 000	R2 000 000	NYD	NYD

within BCMM	throughout BCMM								
<i>T 3.20.3</i>									

**Table 128: Employees: Police officers**

Employees: Police Officers					
Job Level	Year 2021/2022	Year 2022/2023			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police Officers					
0 – 3	24	26	24	2	7,6%
4 – 6	446	470	418	52	11%
7 – 9	173	190	167	23	12,1%
10 – 12	53	54	48	6	5,4%
13 – 15	8	8	8	0	0%
16 – 18	1	1	1	0	0%
19 – 20	2	2	1	1	50%
<b>Total</b>	<b>707</b>	<b>751</b>	<b>667</b>	<b>84</b>	<b>11,1%</b>

*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 3.20.4

**Table 129: Financial performance 2022/2023: Police**

Financial Performance 2022/2023: Police					
Details	R'000				
	2021/2022	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>51 462</b>	<b>83 589</b>	<b>61 750</b>	<b>41 457</b>	<b>-102%</b>
Expenditure:					
Police Officers					
Other employees	292 710	313 538	297 182	297 182	-6%
Repairs and Maintenance	2 741	5 900	5 633	3 092	-91%
Other	20 116	34 946	24 006	20 441	-71%
<b>Total Operational Expenditure</b>	<b>315 567</b>	<b>354 384</b>	<b>326 821</b>	<b>320 715</b>	<b>-10%</b>
<b>Net Operational Expenditure</b>	<b>264 105</b>	<b>270 795</b>	<b>265 071</b>	<b>279 258</b>	<b>3%</b>

*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

**Table 130: Capital expenditure 2022/2023: Police**

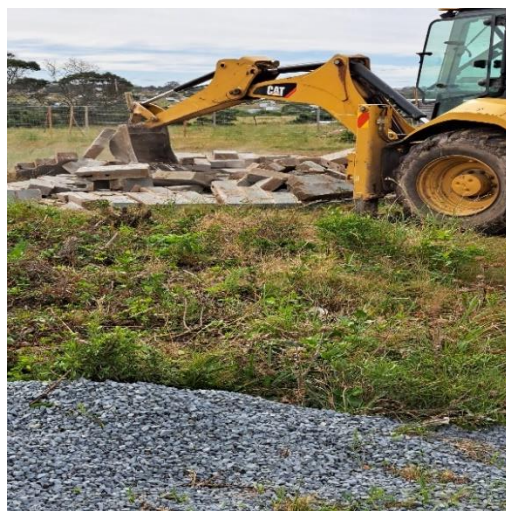
<b>Capital Expenditure 2022/2023: Police</b>					
					<b>R' 000</b>
<b>Capital Projects</b>	<b>2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>6 500</b>	<b>11 779</b>	<b>2 629</b>	<b>-147%</b>	<b>2 629</b>
LAW ENFORCEMENT VEHICLES	2 000	2 000	2 589	23%	2 000
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	500	500	–	0%	500
CLOSED CIRCUIT TELEVISION NETWORK – CCTV	2 000	2 000		0%	1 821
BACK-UP GENERATORS	2 000	2 000	40	-4 900%	2 000
SPECIALISED VEHICLES PUBLIC SAFETY c/o		3 000	–	0%	3 000
BACK-UP GENERATORS c/o		1 500	–	0%	1 500
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT c/o		779	–	0%	779
OFFICE FURNITURE & EQUIPMENT (DIRECTORATE)	500	555	555	10%	555
OFFICE FURNITURE & EQUIPMENT (DIRECTORATE) c/o		513	340	100%	513
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<b>T 3.20.6</b>

## COMMENT ON PERFORMANCE OF POLICE OVERALL

### LAW ENFORCEMENT SERVICES JOINT OPERATIONS



PICTURE 1



PICTURE 2



PICTURE 3



PICTURE 4

#### Figure 96: Law enforcement joint operation

On 16 August 2022, a joint operation was carried out involving various stakeholders. The operation commenced at 8:00 am, during which BCMM demolished brick structures in Westbank Land Restitution in accordance with a court order. The following stakeholders actively participated in the operation: Law Enforcement Services, South African Police

Services, BCMM Traffic Services, BCMM Legal Services, Municipal Health Services, BCMM Human Settlements, Property Management, BCMM Communications, BCMM Electricity, and BCMM Water and Sanitation.

On that day, two fully constructed houses, six partially built brick houses, and six foundation brick structures were demolished. No injuries were reported during the operation.



**PICTURE 5**



**PICTURE 6**

#### **Figure 97: Law enforcement joint operations cont'**

Law enforcement agencies, along with BCMM officials, conducted a joint operation involving multiple stakeholders near the Airport area on 22 July 2022. The operation focused on inspecting spaza shops. During the operation, law enforcement officers arrested one suspect for possession of stolen property (specifically, two rolls of wire). The suspect was then detained at the EL Police Station, and a case was registered.

On the day of the operation, a total of eight spaza shops were inspected. Five Section 56 notices were issued to these spaza shops for not having a business license, and each fine amounted to R1 000,00. Over the period from July 2022 to June 2023, a total of 68 Section 56

notices were issued for not having a business license during joint operations. Daily operations are conducted in collaboration with various stakeholders.

### **FINES ISSUED FOR ILLEGAL DUMPING**



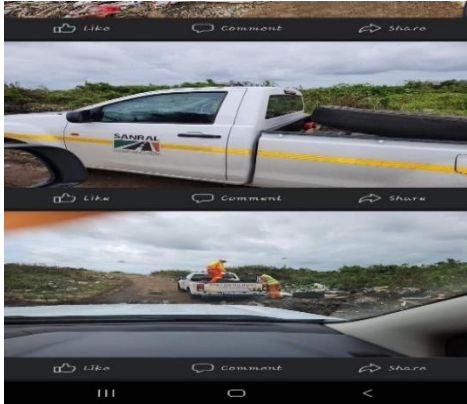
**PICTURE 7**



**PICTURE 8**

### **Figure 98: Fines issued for illegal dumping**

Law enforcement officers responded to a complaint of illegal dumping at the corner of Pontoon and Fleet Street. The individual responsible was working at Gillwell Mall and received a Section 56 Notice for illegal dumping (Notice number 57/12050/520), along with a fine of R1 500. The offender subsequently cleaned up the area where the dumping occurred. There is a BCMM camera located across from the mall.



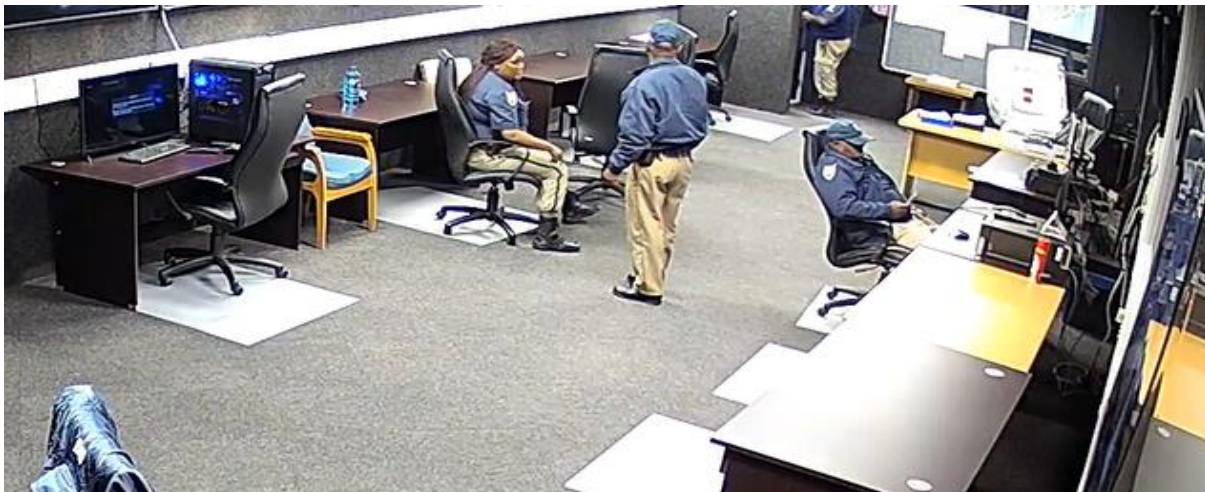
**PICTURE 9**



**PICTURE 10**

**Figure 99: Law enforcement responding to a complaint**

The Law Enforcement Office received a complaint on Thursday, 18 May 2023, regarding illegal dumping near the Racetrack. This complaint was posted on social media. The vehicle involved in the incident is registered under VEA Holdings, located in Centurion. The Fleet Manager of VEA Holdings directed Law Enforcement Services to their EL office at No. 1 Croydon Road in Cambridge. The driver responsible for the illegal dumping was identified and fined. The Section 56 notice number for this incident is 57/10515/520, and the driver was fined R1 500 for illegal dumping.



**Figure 100: CCTV control room**



**Table 131: Metropolitan police service data (Law Enforcement Services)**

<b>Metropolitan Police Service Data (Law Enforcement Services)</b>					
	<b>Details</b>	<b>2021/2022</b>		<b>2022/2023</b>	
		<b>Actual No.</b>	<b>Estimate No.</b>	<b>Actual</b>	<b>Estimate</b>
1	Drunk and disorderly	0		7	
2	Dagga confiscated	672		104	
3	Illegal immigrants	0		51	
4	Drinking in public	2 331		654	
5	Recovery of stolen property	93		7	
6	Illegal electrical disconnections	15 660		37 521	
7	Goods confiscated from car washers	24 028		11 941	
8	Possession of dangerous weapons	2 280		1270	
9	Recovery of stolen property	93		7	
10	Liquor destroyed	1 933		2 435	
11	Car washers prosecuted (341)	388		185	
12	Picketing	20		17	
13	Fires extinguished	198		85	
14	Gambling	292		8	
15	Goods confiscated from hawkers	540		216	
16	Hawkers' licences checked	220		43	
17	Demolishing of shacks	1 440		1 249	
18	Illegal dumping	764		217	
19	Noise disturbance	1 311		133	
20	Illegal immigrants	0		51	
21	Possession of stolen property	0		5	
22	Drunk driving arrest	0		1	
23	Malicious damage to property	0		1	
24	Housebreaking	0		1	
25	Theft	0		1	
26	Pamphlets	1 122		100	
27	Theft of municipal property	0		1	
28	Railway crossings	444		09	
29	Sect. 341 Notices (traffic offences)	68		76	
30	Vagrants removed	0		1 760	
31	Sect. 56 By-laws/business licence, etc.	86		68	

32	Sect. 56 Notices (traffic offences)	1 262		99	
33	Tavern licences inspected	0		1 313	
34	Reckless/negligent driving	0		1	
35	Traffic warrants	0		6	
36	Public violence	0		4	
37	Beggars removed	0		54	
38	CDs and DVDs recovered	0		91	
39	Hawkers removed	0		164	
40	Events	0		42	
41	Car washers removed	0		1 395	
42	Suspension of vehicles	412		5	
43	Stock theft arrest	0		1	
44	Theft of copper cables and damage to infrastructure	0		1	
45	Vehicles impounded	0		1	

#### **OVERALL PERFORMANCE:**

The following actions were conducted by Law Enforcement Services during the year under review:

- Law Enforcement Services prosecuted 185 drivers who allowed car washers to wash their vehicles on a public road. Additionally, a total of 1 941 buckets and other goods were confiscated from car washers in the Esplanade areas.
- Law Enforcement, in conjunction with the BCM Electricity Department, conducted raids in various areas throughout BCMM. A total of 37 521 illegal electricity connections were disconnected during the year under review.
- Law Enforcement Services destroyed a total of 2 435 litres of liquor during patrols at public open spaces, such as beaches. A total of 1 313 liquor outlets were inspected in collaboration with other Law Enforcement Agencies, including SAPS and the EC Liquor Board.
- Joint operations were conducted with other law enforcement agencies, such as the SAPS and the Department of Home Affairs Immigration. The purpose of these operations was to remove and deport 51 illegal immigrants.
- Service delivery protest marches are monitored as necessary in coordination with other law enforcement agencies.

**T3.20.7**

### **3.21 FIRE**

#### **INTRODUCTION TO FIRE SERVICES**

The EC province, ranking as the second-largest province with the third-largest population in South Africa, faces several challenges. This includes congested urban settlements, continuously expanding informal settlements with inadequate road infrastructure, and a growing number of vehicles contributing to the deterioration of existing road infrastructure, among other issues. Moreover, the majority of rural areas fall outside the legislated response times for Fire & Rescue Services, posing challenges in promptly addressing fire and rescue calls.

The BCMM has several major routes, including the N2, N6, R63, R72, R102, and R346, which are used by many dangerous goods and heavy road transport vehicles carrying hazardous substances.

Buffalo City Fire and Rescue Services operate a round-the-clock fire and rescue service, delivering the following services:

- a) Fire Suppression – handling structural, veld, informal settlement, and motor vehicle fires.
- b) Risk Assessments – evaluating buildings, factories, shopping malls, etc.
- c) Fire Safety – conducting awareness campaigns for schools, organisations, business sectors, etc.
- d) Fire Training – Providing internationally accredited training courses in various fire-related disciplines for all municipalities.
- e) Water Rescue (Diving Unit)
- f) Hazardous Materials Incidents (Hazmat Unit)

Buffalo City Fire and Rescue Services are comprised of seven strategically located fire stations within the BCMM jurisdiction, each serving distinct areas:

- 1) Fleet Street: CBD/Quigney, encompassing the harbour, Metro Rail, and high-rise buildings.

- 2) Greenfields: Positioned near the Airport, with a focus on numerous industries such as MBSA and petroleum sites.
- 3) Buffalo Flats: Serving Wilsonia Industrial and informal settlements.
- 4) Vincent: Located in close proximity to four major shopping malls and informal settlements, namely Hemingways, Vincent Park, Beacon Bay Retail Park, and Gonubie Kings Mall.
- 5) Mdantsane: Situated near a major shopping mall and various buildings, including factories in Fort Jackson.
- 6) Qonce: Covering the CBD, high-rise buildings in Bhisho, Bhisho airport, Berlin Industrial, and hospitals.
- 7) Dimbaza: Responsible for the revived industrial zone, informal settlements, and emerging farming areas.

The top three major service delivery priorities for the Fire Department in the current year are as follows:

- A new fire station is planned to be built in Berlin to respond to fire and rescue calls in the area. The planning and design stage has been completed, and the BCMM will start the tender process in the early part of the 2023/2024 financial year for the construction phase of this project.
- The procurement process for a new 9 000 litre Water Tanker has begun in the 2022/2023 financial year, and the delivery is expected in May 2024. This acquisition will support the Fire & Rescue Services in their daily operations of responding to fire-related incidents within the BCMM area and its surrounding regions.
- Various fire stations underwent refurbishment in 2022/2023. Fleet Street Fire Station underwent Engine Bay Door replacements and repairs, while Greenfields Fire Station underwent a complete upgrade of plumbing and electrical works. These were two significant actions carried out as part of this project.

All fire stations are equipped with CCTV. In 2021/22, the Control Room was fitted with screens and computers to ensure the 24/7 monitoring of BCMM Fire Stations, thus safeguarding staff and BCMM assets.

The BCMM Fire & Rescue Services assist District Municipalities that do not have the resources to attend to major incidents.

When required, ACSA, MBSA, and the Harbour Port Authority run an independent 24-hour fire service that can provide assistance to BCMM.

A centralised Control Room, located at the Fleet Street Fire Station, operates a call-taking, dispatching, and resource management system. This system logs all incoming calls and facilitates the dispatching of fire crews from the nearest fire station.

The Fire Service has established SOPs, Standing Working Operation Procedures, and Training Policies. The Fire Service by-laws will be gazetted once all the protocols have been followed in terms of public participation.

#### **MEASURES TAKEN TO IMPROVE PERFORMANCE OF THE FIRE & RESCUE SERVICES:**

Funding for repairs to Fleet vehicles is provided under both general repairs and maintenance, as well as the capital budget for major repairs to Fire Engines. This dual-budget provision assists the Department which, despite the annual procurement of new fleet, still need to utilise and operate the ageing fleet in order to serve the vast boundaries of the BCMM, as well as assisting District Municipalities that do not have the capacity to provide Fire and Rescue services to their communities.

Fire & Rescue Services are utilising Government Transversal Tenders for the procurement of Fire Engines and Fire Equipment, whenever possible, in order to expedite the procurement process.

The ongoing Tactical Radio Network project, which falls under Disaster Management, facilitates the rollout of mobile radios fitted in Emergency Services vehicles. This includes Fire and Rescue Services, and continues to be a beneficial communication tool, enhancing the Department's performance in responding to fire and rescue calls and maintaining functional communication throughout incidents.

The implementation of load shedding by Eskom initially posed challenges for Fire and Rescue Services operations. During these load shedding periods, the Emergency Control system became inoperable. To address this concern, Fire and Rescue Services have implemented measures to safeguard the system from the effects of load shedding. This ensures uninterrupted functionality, enabling the receipt of incoming calls and the dispatch of relevant firefighting teams 24/7.

## **MAJOR SERVICES AND PERFORMANCES**

**The Fire Safety Section executed the following tasks during the 2022/23 financial year:**

- Conducted inspections on 1 107 buildings,
- Approved 208 plans,
- Executed 324 awareness campaigns,
- Conducted 52 evacuation drills and inspections on taverns in collaboration with SAPS and other stakeholders,
- Processed 864 Trade license applications, and
- Conducted 1 124 Fire Safety/Compliance inspections.

The Fire Safety Section also organised evacuation drills, lectures, and demonstrations in private institutions, government departments, and schools.



**Figure 101: Demonstrations conducted**



**Figure 102: Evacuation drills Qonce Department of Correctional Services – June 2023**



**Figure 103: Lectures conducted**

**Training section performed as follows:**

Forty-two firefighters were trained on the NQF Level 4 Fire & Rescue Operations course, while sixty-nine were trained on the Emergency Services Supervisory course. Both courses were presented by the external service provider Umbuso.

**Operations Section attended to Major Fires:**

The activities of the Fire & Rescue Services for the 2022/23 financial year were:

Suppression of fires and emergencies:

Residential fires	262
Vegetation/grass fires	1 381
Commercial fires	57
Transport fires	71
Informal dwelling fires	744
Refuse/illegal fires	133
Water Rescue	4
Motor vehicle accidents	<u>63</u>



TOTAL: 2 715



**Figure 104: Bus fire Commercial Road EL – September 2022**



**Figure 105: Motor vehicle accident – February 2022**



Figure 106: House fire May 2023



Figure 107: Building fire



**Figure 108: Shack fires – May 2023**



**Figure 109: Grass fire – May 2023**

**INTERNATIONAL FIRE FIGHTERS' DAY – 4 MAY 2023**

On 4 May 2023, BCMM Fire and Rescue Services hosted International Fire Fighters' Day at Mdantsane Fire Station. This event was established in remembrance of a devastating incident

that took place in Linton, Australia, on 2 December 1998. During this incident, five firefighters lost their lives while battling a wildfire.

Following the tragic event, a proposal was put forth on 4 January 1999 to honour the courageous firefighters and others who had fallen in the line of duty.

The purpose of BCMM Fire and Rescue Services hosting International Fire Fighters' Day was twofold: to pay tribute to all firefighters who have made the ultimate sacrifice while on duty, and to inspire firefighters to carry out their duties with dedication. It also served as a reminder that communities rely on firefighters during times of emergency.



**Figure 110: BCMM Fire and Rescue Services hosting International Fire Fighters' Day**

T.3.21.1

**Table 132: Metropolitan fire service data (2022/2023)**

<b>Metropolitan Fire Service Data 2022/23</b>					
	<b>Details</b>	<b>2021-2022</b>	<b>2022-2023</b>		<b>2023-2024</b>
		<b>Actual No.</b>	<b>Estimate No.</b>	<b>Actual No.</b>	<b>Estimate No.</b>
1	Total fires attended in the year	2 552	3 000	2 684	3 000
2	Total of other incidents attended in the year	122	135	140	140
3	Average turnout time – urban areas	13	14	12	14
4	Average turnout time – rural areas	27	23	25	23
5	Fire fighters in post at year end	129	140	127	140
6	Total fire appliances at year end	37	39	38	39
7	Average number of appliances off the road during the year	7	5	9	5
					<i>T 3.21.2</i>

**Concerning T3.21.2**

Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T 3.21.2.1

**Table 133: Fire service policy objectives taken from IDP 2022/23**

Fire Service Policy Objectives Taken from IDP 2022/23									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 1 (2021/22)		Year 0 (2022/23)			Year 1 (2023/24)	Year 2 & 3 (2024/25 & 2025/26)	
		Target	Actual (2021/22)	Target		Actual (2022/23)	Target		
		*Previous Year (2021/22) (iii)	(iv)	*Previous Year (2021/22) (v)	*Current Year (2022/23) (vi)	(vii)	*Current Year (2023/24) (viii)	*Current Year (2024/25) (ix)	*Following Year (2025/26) (x)
<b>Service Objective xxx</b>									
<b>Safety</b>	Percentage compliance with the required attendance time for structural firefighting incidents	75%	35,36%	75%	75%	46%	75%	75%	75%
	Number of Fire Stations Refurbished	3	1	3	1	1	1	1	1
									<i>T 3.21.3</i>

**Table 134: Employees: Fire services**

Employees: Fire Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Fire Fighters	No.	No.	No.	No.	%
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 – 3	5	5	4	1	20%
4 – 6	11	11	6	5	45,4%
7 – 9	106	110	105	5	4,5%%
10 – 12	28	34	30	4	11,76%
13 – 15	3	5	2	3	60,0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	154	166	148	18	10,8%

*The totals should match those included in the total employee schedule in Chapter 4. The employee and post numbers are as of June 30th. Please note that posts need to be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by adding up the total number of working days lost (excluding weekends and public holidays) while a post is vacant for all posts within the same set (e.g. 'senior management'). This total is then divided by 250 to determine the number of posts that are equivalent to the accumulated days.*

T 3.21.4

**Table 135: Financial performance year 2022/2023: Fire services**

Financial Performance Year 2022/23: Fire Services					
					R'000
Details	2021/2022	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>128 252</b>	<b>135 528</b>	<b>135 528</b>	<b>133 124</b>	<b>-2%</b>
Expenditure:					
Fire fighters					
Other employees	98 628	104 338	98 874	98 874	-6%
Repairs and Maintenance	1 332	2 025	3 417	2 938	31%
Other	78 970	33 248	90 517	88 181	62%
<b>Total Operational Expenditure</b>	<b>178 929</b>	<b>139 612</b>	<b>192 807</b>	<b>189 993</b>	<b>27%</b>
<b>Net Operational Expenditure</b>	<b>50 677</b>	<b>4 084</b>	<b>57 280</b>	<b>56 869</b>	<b>93%</b>
<p><i>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.</i></p>					
					T 3.21.5

**Table 136: Capital expenditure 2022/2023: Fire services**

Capital Expenditure 2022/2023: Fire Services					
					R' 000
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>13 900</b>	<b>24 569</b>	<b>14 617</b>	<b>5%</b>	
REFURBISHMENT OF FIRE ENGINES	1 000	1 000	–	0%	1 000
FIRE ENGINES PROCURED	7 000	7 600	–	0%	7 600
FIRE EQUIPMENT	900	300	–	0%	300
NEW FIRE STATION – BERLIN WARD 45	4 000	–	–	0%	4 000
REFURBISHMENT OF FIRE STATIONS	1 000	1 000	921	-9%	2 014
FIRE ENGINES PROCURED c/o		12 604	12 604	0%	12 604
REFURBISHMENT OF FIRE ENGINES c/o		850	–	0%	850
REFURBISHMENT OF FIRE STATIONS c/o		1 215	1 093	100%	6 641
REFURBISH & REHABILITATION – FIRE INFRASTRUCTURE c/o		35	–	0%	35



NEW FIRE STATION – BERLIN WARD 45 c/o		1 392	502	100%	736
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.21.6</i>

## **COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL**

Fire & Rescue Services began several capital projects during the 2022/2023 financial year, while also making progress on their ongoing multi-year projects.

### **1. NEW FIRE STATION BERLIN WARD 45**

In 2018, a need was identified for a fire station to be built in Ward 45 – Berlin, taking into account factors such as population/industry density, the site of WSU, emerging farming, landfill site, and distance to the nearest existing fire station. This fire station would improve fire and rescue services for Potsdam and the N2.

In response, BCMM initiated a capital project in the 2018/19 financial year. Initially, the project faced challenges related to the soil and rock topography, as well as the identification of a water culvert on the selected site. These challenges required assessments and adjustments to the initial design.

These setbacks have caused delays in the project timeline and budget implications due to unforeseen costs associated with the required assessments. However, Fire & Rescue Services have made provisions for additional funding in the 2022/23 MTREF, as well as deferring the allocated budget for this year to 2023/24, when construction is anticipated to begin. The project currently has an overall budget of R21 987 900 (2018–2025).

The planning and design phase of the project has been completed in the current financial year. The BCMM Architectural Department has prepared a formal tender for the construction phase, which has been submitted to the Bid Committee for consideration.

## 2. FIRE ENGINES PROCURED

An order for the procurement of a 9 000 litre Water Tanker truck with a fitted pump for firefighting was placed in June 2023. The specifications for this order were based on Government Transversal RT57-2019, with a budget of R7 600 000 provided. The delivery of the truck is expected in May 2024.

The procurement process for one Major Pumper and one Water/Foam Tanker was initiated in 2021/22. It was concluded in 2022/23 when these appliances were delivered in October 2022. The total cost incurred for this procurement was R12 603 650, which was funded from the rollover budget of R12 608 347 that was provided.



Figure 111: Water foam tanker





**Figure 112: Major pumper**

### **3. REFURBISHMENT OF FIRE STATIONS**

The ongoing refurbishment project for the seven fire stations within BCMM undergoes an annual evaluation to identify priority requirements for significant repairs, upgrades, and overall improvement.

During the 2022/23 financial year, the Fire & Rescue Services successfully utilised the allocated budget of R1 million. Specifically, R920 720 was dedicated to installing two new engine bay doors at Fleet Street Fire Station and upgrading three existing engine bay doors. This strategic allocation of funds aims to enhance operational efficiency and maintain the infrastructure of the fire stations to the highest standards.



**Figure 113: New engine bay doors – Fleet Street Fire Station**

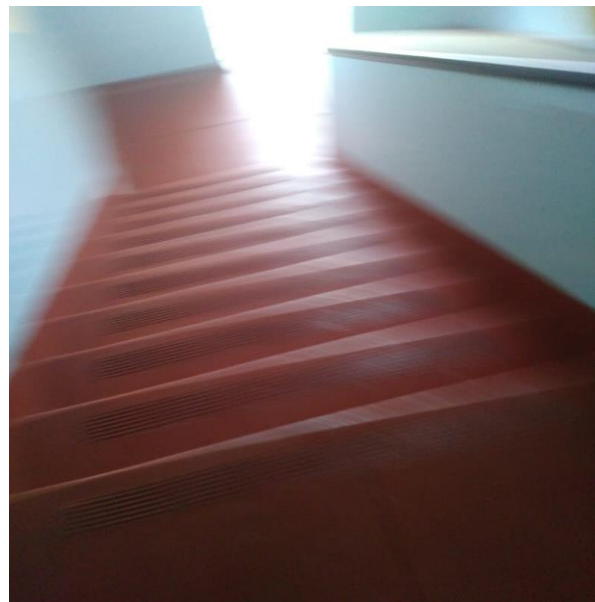


**Figure 114: Refurbished engine bay doors – Fleet Street Fire Station**

Two projects initiated in 2021/22 continued into the 2022/23 financial year. These projects involved repairing the Gompo Fire Station Engine Bay Doors and completely refurbishing the Greenfields Fire Station, including its plumbing, bathrooms, and restrooms. Both projects were completed within the 2022/23 financial year, with a total cost of R1 093 126. The funding for these projects came from rollover funds totalling R1 214 960.



**Figure 115: Gompo engine bay doors**



**Figure 116: Greenfields refurbishment**



Figure 117: Greenfields refurbishment cont'

Fire and Rescue Services have identified necessary repair work at Vincent Fire Station, utilising the allocated budget of R2 million for the 2023/24 financial year. Additionally, there are plans to make additional upgrades to the firefighters' restroom at Fleet Street Fire Station using anticipated rollover funding of R201 113. These initiatives underscore the commitment to address infrastructure needs and enhance the facilities for the well-being and efficiency of firefighters.

#### **4. REFURBISHMENT OF FIRE ENGINES**

A capital budget of R1 million was allocated for the 2022/23 financial year, and R670 401 was used for significant repairs on the fire engines. These repairs were carried out by certified agents as required by the manufacturer of the specific appliance. Alternatively, qualified service providers were utilised to ensure that the repair work was of the highest quality and that the vehicles would remain operational for a significant period of time.

Repair work that began during the 2021/22 financial year but was not finished during that period was carried over to 2022/23 with a rollover budget of R850 000. Expenditure totalling R820 927 was incurred for the completed work.

The following photographs show the fire engines that underwent major repair work:



**Figure 118: Major repairs to Fleet 3047 turbo charger and steering box**





Figure 119: Major repairs to Fleet 3046 spring PTO propshaft



Figure 120: Major repairs to Fleet 3040 tilt cab



**Figure 121: Major repairs to Fleet 3017 compressor**

**T.3.21.7**

### **3.22 INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.**

#### **INTRODUCTION TO DISASTER MANAGEMENT**

#### **OVERVIEW AND OBJECTIVE OF THE DISASTER MANAGEMENT CENTRE**

The Disaster Management Centre (DMC) is instituted in accordance with Section 43 of the Disaster Management Act (DMA), No. 57 of 2002, and operates as a sub-directorate within the BCMM's Department of Public Safety and Emergency Services.

The objective of the DMC, derived from Section 44 of the DMA, is to promote an integrated and coordinated system of disaster management, with special emphasis on prevention and mitigation by national, provincial, and municipal organs of state, statutory functionaries, and other role-players involved in disaster management and communities.

To achieve this, the DMC performs and implements four key performance areas and three enablers as set out by National Disaster Risk Management Policy Framework as follows:

KPA 1 – Establishment of Integrated Institutional Capacity for Disaster Risk Management,

KPA 2 – Risk Assessment,

KPA 2 – Risk Reduction,

KPA 3 – Response and Recovery.

Enabler: Information, Technology, and Communication

Enabler: Education, Training, Awareness, and Research

Enabler: Funding for Disaster Risk Management

### **STATUS OF DISASTER MANAGEMENT CENTRE CAPACITY**

The present capacity of the DMC falls short of enabling it to adequately fulfil its powers, duties, and constitutional mandate as a Metropolitan Municipality. Originally established in 2003 to cater to the needs of a local municipality, the current structure does not align with the expanded requirements of a Metropolitan Municipality. To rectify this situation, a budget of R22.5 million has been allocated for the development of a new, compliant DMC during the MTREF period (2023 – 2026). This initiative aims to enhance the centre's capabilities and align it with the increased responsibilities and scope associated with its role as a Metropolitan Municipality.

Additionally, in the 2022/23 financial year, Disaster Management has continued the rollout of the Tactical Radio Network, with the project set to be completed by April 2024.

Furthermore, the DMC's personnel structure, consisting of 47 members, was approved by Council in 2013. This structure aims to gradually address the functional and operational needs of a Metropolitan DMC, as outlined in the Buffalo City and National Disaster Management Policy Framework.

To address the capacity deficit within Disaster Management and uphold the goal of providing efficient services to the community, the appointment of two Disaster Management Officers was finalised during the 2022/2023 financial year.

## **2022/23 STRATEGIC OBJECTIVES OF THE DISASTER MANAGEMENT CENTRE**

Improve the system of Disaster Management by establishing functional IGR. During the review period, the DMC aimed to:

a) Develop and implement remedial actions to address the Internal Audit Review Findings for 2021/22 on Disaster Management.

b) Develop and submit a long-, medium-, and short-term turn-around plan for approval, aimed at improving disaster management systems. This plan includes:

\* Establish functional Disaster Risk Management IGR structures, for stakeholder participation and engagement of technical advice for planning and operations by June 2023.

\* Development and adoption of a Public Disaster Management Protocol by June 2023.

\* Development and implementation of Community Education, Training and Awareness campaigns by June 2023.

\* Review of the Disaster Relief Policy by June 2023.

\* Source and secure funds for the establishment of a new compliant disaster management centre by June 2023.

\* Source and secure funds for the review of the Disaster Management Policy Framework by July 2023. This project is scheduled to commence in 2023/2024.

\* Coordinate and facilitate processes to identify and secure a suitable site or building for the establishment of a new compliant centre by the end June 2028.

## **STATUS OF INTERGOVERNMENTAL STRUCTURE (IGR)**

In accordance with the provisions outlined in the Buffalo City Disaster Management Policy Framework, the following structures have been established:

### **Municipal Disaster Management Disaster Advisory Forum**

The inaugural Advisory Forum meeting took place on 9 March 2023. The objective was to create a platform for stakeholder consultation and participation, aiming to apply the principles of cooperative governance. The ultimate goal is to enhance disaster risk management in BCMM through collaborative efforts and inclusive decision-making processes.

## **Municipal Disaster Management Interdepartmental Risk Management Committee**

The inaugural Committee meeting was convened on 11 May 2023. Its primary objective is to facilitate interdepartmental liaison, allowing key internal stakeholders within the Municipality's administration to actively participate in disaster risk management activities. The committee aims to coordinate and streamline disaster risk management responsibilities across various departments for effective and comprehensive disaster preparedness and response efforts.

The DMC is also working towards re-establishing the following structures:

- Disaster Management Ward Forum
- Disaster Response and Relief Committee

## **ENGAGEMENT IN MEETINGS AND FORUMS RELATED TO DISASTER MANAGEMENT**

The DMC also participates in the following meetings and fora where disaster management related issues are discussed:

- Municipal Public Accounts Committee (MPAC)
- Provincial Disaster Management Advisory Forum (PDMAF)
- Provincial Capacity Building Coordinating Forum (PCBCF)
- Buffalo City IDP Community Engagements
- Roads Incident Management Systems (RIMS)
- SALGA Community Development Meetings
- BCMM Climate Change Strategy Meetings
- BCMM Environmental Planning Meetings
- SAPS Joint Cluster Meetings

## **CLASSIFICATION, MAGNITUDE AND SEVERITY OF DISASTERS THAT OCCURRED DURING THE YEAR AND THEIR EFFECTS**

Buffalo City has been exposed to the following major incidents and disasters during the period under review:

Summaries of these incidents are provided below.

- i Informal fires
- ii Severe storms/wind
- iii Floods

The first Advisory Forum meeting was convened on 9 March 2023.

## BCM sets up Municipal Disaster Management Advisory Forum

The Buffalo City Metro Municipality (BCMM) has established the Municipal Disaster Management Advisory Forum on Thursday 09 March 2023 at the East London Golf Club.

Giving the intentions of the forum, Portfolio Head Cllr Sangweni Matwele said: "The objective of the advisory forum is to create a platform for stakeholder consultation and participation and to apply the principles of co-operative governance for the purpose of disaster risk management in BCMM."

The Disaster Management Act, No. 57 of 2002, requires the active participation of all disaster management stakeholders, inclusive of schools, local communities, traditional authorities, public sector, private sector, non-governmental organizations, community-based organizations, and volunteers to actively participate in the planning and execution of the disaster risk management function in the metropolitan municipal area.

The session was facilitated by Acting Head of the Directorate of Public Safety & Emergency Services Advocate Boniswa Mzimba with presentations from the following stakeholders: ACSA – King Palo Airport, South African Maritime Safety Authority (SAMSA), and East London Transnet National Ports Authority.

The day culminated with the following way forward and the resolution that :

- The Portfolio Head and Acting Head of the Department to present a report to the TROIKA highlighting all challenges experienced by Emergency Services
- Action plans for Emergency Services to be submitted to the Council for budget purposes.
- Disaster Manager Centre to fast-track the establishment of JOC.
- A joint team to conduct awareness in all sectors.
- The Forum to visit wards as a way of raising awareness.
- Forums to be held once every quarter that is four times a year
- Investing in early warning systems should be prioritized.
- A need to develop Mutual Agreement between BCMM and external stakeholders.
- Creating a task team comprising all the represented external stakeholders and using their expertise to assist with the Disaster Management Risk plan.



***A City Hard At Work***

Figure 122: First Advisory Forum meeting

The first Municipal Interdepartmental Risk Management Committee meeting was convened on 11 May 2023.

*T 3.22.1*



## 1st Interdepartmental Disaster Risk Management Committee Meeting

The Buffalo City Metro Disaster Unit held the first Interdepartmental Disaster Risk Management Committee Meeting on Thursday 11 May 2023 in Beacon Bay.

The purpose of the meeting was to create a platform for stakeholder consultation and participation and to apply the principles of co-operative governance for the purpose of disaster risk management in Buffalo City Metro as well as to promote interdepartmental liaison, to enable all the key internal role players in the administration of the municipality to participate in disaster risk management activities, and to coordinate their disaster risk management responsibilities.

In March 2023, the unit also established the Disaster Risk Management Advisory Forum where external stakeholders in the disaster and emergency fraternity formed part of the forum to actively participate in the planning and execution of the disaster risk management function in BCM.

For the Metro to have a functioning and capacitated unit the following were highlighted at the meeting : the reviewal of the policy frame work, a disaster management risk plan, adequate fleet and personnel as well as proper office space.

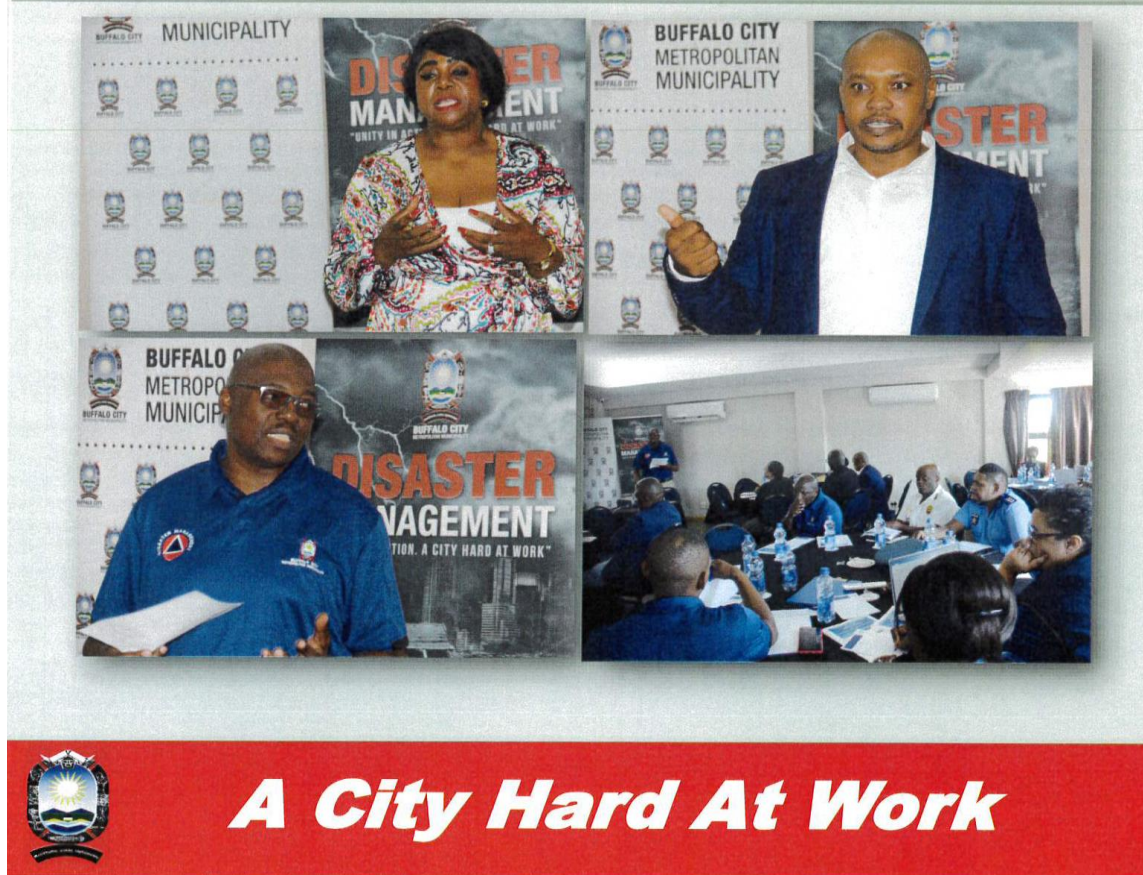


Figure 123: First Interdepartmental Disaster Risk Management Committee meeting

## SERVICE STATISTICS FOR DISASTER MANAGEMENT

### DISASTER AND EMERGENCY STATISTICS FOR THE PERIOD 1 JULY 2022 – 30 JUNE 2023

**Table 137: Disasters as a result of informal fires – statistics 1 JULY 2022 – 30 JUNE 2023**

Month	No. of fires	No. of structures	No. of people affected	No. of deaths
July 2022	28	44	120	2
August 2022	42	70	188	1
September 2022	25	30	89	1
October 2022	23	36	97	1
November 2022	27	105	300	6
December 2022	24	53	173	2
January 2023	29	46	178	1
February 2023	15	17	48	0
March 2023	16	24	81	0
April 2023	17	25	93	0
May 2023	45	66	214	9
June 2023	45	65	223	3
<b>TOTAL</b>	<b>336</b>	<b>581</b>	<b>1 804</b>	<b>26</b>

Emergency relief was provided to 1 804 persons affected by the fires and their information was forwarded to Department of Social Development, SASSA, and BCMM Human Settlement Department for further assistance.

**Twenty-six fatalities occurred in informal settlement fires during the year under review.**

### SEVERE STORM 15 FEBRUARY 2023

**Table 138: Table Severe storm – 15 February 2023**

Ward	Severe Damage	Minor damage	Total
11	1	0	1
17	4	3	7
22	5	0	5
35	2	0	2
37	9	5	14

41	0	3	3
44	0	4	4
<b>TOTAL</b>	<b>21</b>	<b>15</b>	<b>36</b>

**No injuries or deaths were reported in this incident.**

### SEVERE STORM 12–14 MAY 2023

**Table 139: Table Severe storm – 12–14 May 2023**

Ward	Severe Damage	Minor damage	Total
2	1	39	40
5	0	2	2
6	0	246	246
7	0	942	942
8	0	271	271
10	138	5	143
15	1	317	318
16	0	1	1
27	55	88	143
35	1	1	2
46	5	6	11
<b>TOTAL</b>	<b>201</b>	<b>1918</b>	<b>2119</b>

**1 Person deceased.**

Seventy-nine individuals from Mzamomhle sought refuge in the community hall, where Gift of the Givers provided assistance with blankets. Social Development offered a soup kitchen to 16 people in Duncan Village, and Community Safety (Let's Find Them) supplied bread. The Red Cross has requested a list of affected individuals, and Councillors are currently compiling the necessary information.

## EVENTS AND OTHER DISASTER MANAGEMENT ACTIVITIES

During the period under review, Disaster Management participated in the planning and execution of the following events and activities:

**Table 140: Events and other disaster management activities**

Event/Activity	Month
Site inspection at Enyobeni; Security cluster at ICC for Enyobeni; Phelophepha meetings; Mass funeral for Enyobeni victims meeting; Site inspection at Scenery Park; Raid of taverns; Mass funeral follow up meeting at ICC and inspection at Scenery Park; Mass funeral at Scenery Park; Ironman meeting; Kiwane Race meeting; International Olympic Committee (IOC) meeting; OHS evacuation drill planning meeting; Debriefing for Scenery Park mass funeral; Chamber of Commerce safety and security meeting; Security cluster meeting for Phelophepha at Qonce SAPS; Meeting for Ubudlelwane Enkosini Foundation event at Qonce; Kiwane Race planning meeting; Briefing meeting for evacuation drill planning at Dept of Justice; Evacuation drill exercise at Dept of Justice; Operation spaza compliance briefing meeting; Wassa Training; Spaza operation; Indigenous Games at Police Park and Selborne Park; Oversight visit at 8 <sup>th</sup> floor boardroom, Trust Centre; Maritime cluster meeting; Spaza compliance operation;	July 2022

<p>Spaza inspections;  State of the Municipality (SOMA) security meeting at City Hall;  Planning session for Blitz Operation at Eastern Cape Liquor Board (ECLB);  Provincial Risk and Vulnerability Assessment (RAVA);  SOMA security cluster;  Joint inspection of dilapidated building;  Heads of Education workshop at ICC;  Spaza shops inspection planning meeting;  Safety executive community meeting</p>	
<p>SOMA planning meeting;  Local Government Seta meeting;  SOMA security meeting;  Planning meeting at Grand Prix track;  IOC meeting at Qonce;  SOMA event at ICC;  Spaza shops operation planning;  Wassa meeting;  Spaza shops inspection;  Operation spaza planning;  Operation spaza;  Border Chamber of Business Security Forum;  World Bank City support;  SALGA planning at Mayor's boardroom;  Public Safety and Emergency Services Strategic Session at Chintsa; IDP assessment Mpekweni;  Security Cluster meeting at Mandla Makupula Education Institute; Border Chamber of Commerce security meeting;  Meeting for liquor licenses;  Evacuation at Qonce mall;  National Capacity Forum;  Provincial RAVA;  Emergency Management team meeting for drinking water failures at Health Service;</p>	<p>August  2022</p>

<p>Smart City online book launch; Heritage Day celebrations at Chief Tshatshu Great Place.</p>	
<p>Spaza shops workshop at Ginsberg Hall; Executive Safety; Ironman meeting; SALGA planning meeting at ICC; Installation of the Chief at Tshatshu Great Place; Mayoral Imbizo technical planning meeting; SALGA meeting; IOC meeting at Tshatshu Great Place; Safety &amp; security planning for Mayor's Council meeting; SALGA conference; Container Hub Ward 8; Council Conference meeting at ICC; Mayoral Imbizo; Security cluster meeting at Thandulwazi Primary School; Joint BCM liquor compliance at Cambridge SAPS; WSU event safety planning; AmaNtinde Great Place meeting; Planning meeting for operation spaza; Cluster meeting in Tshutshu; Risk assessment briefing; Spaza shop operations; Royal Buffalo planning; Airport full scale exercise meeting; Safety security cluster at Tshathu; Handover of kitchen at Thandulwezi meeting; Mayoral Imbizo at City Hall; Compliance inspection; Handover of Kitchen event; Green Forum at ICC; Cricket planning meeting; Site visit to Water World and Court Crescent; Safety and security meeting at Makubela Hospital;</p>	<p>September 2022</p>

<p>Nkqubela TB hospital dry run;  The heart and soul experience music at Abbotsford Christian Centre;  Mayoral Imbizo at City Hall; Food &amp; Lifestyle Music Festival at Qonce;  Safety &amp; Security meeting for mayoral imbizo;  Imbizo security cluster at City Hall;  Summer season;  Qonce Post Office safety meeting;  Hearts &amp; beat experience music.</p>	
<p>Mayoral Imzibo at City Hall;  Airport full scale planning;  Beach operations &amp; safety management;  Engen Exercise Planning meeting;  Shekianah Healing at Absa stadium;  Mayoral imbizo;  MBLA 40<sup>th</sup> Anniversary celebrations;  Deputy President visit – HOTL;  Safety &amp; Security district planning for safer festive season;  Provincial summit GBVF planning;  Mayoral imbizo;  Deputy President visit;  RIMS planning meeting;  Mayoral imbizo at Qonce;  Mayoral imbizo at Mdantsane;  Safety and security meeting for festive season;  Planning meeting for MBSA evacuation;  Safety and security meeting at the Chamber House;  Planning meeting for MBSA evacuation;  Full scale exercise at King Phalo Airport;  Operation spaza shops;  RIMS meeting;  Government visit to BCMM planning;  Joint operation committee for rabies;  Security cluster meeting at Dept of Labour;</p>	<p>October  2022</p>

<p>DDM visit to Ncerha Village;  Debriefing of MBSA drill;  Fire &amp; Rescue internal Advisory Committee meeting;  Ncerha village visit of MEC</p>	
<p>Berlin November at Berlin SAPS;  Festive Season event meeting at Cambridge;  Briefing of Ncerha village;  Rabies planning meeting;  Planning meeting Engen exercise;  RIMS simulation at Qonce;  Berlin November at Berlin Hall;  EFF planning meeting;  IOC meeting;  Meeting with ratepayers Councillors' office;  Inspection @ Jan Smuts EFF Event;  Festive Season Launch;  EFF Event ABSA;  Prep meeting for War Remembrance Day;  Joint Operation Qonce SAPS;  Netball World Cup meeting;  Berlin November at Berlin SAPS;  Special IOC meeting;  Informal Electrification meeting at Beacon Bay;  Rabies Outreach Programme;  Safer Festive Season at Osner;  RIMS Steering meeting at Qonce Fire;  Ward 8 Informal Traders Hub meeting at Duncan Village;  Netball World Cup meeting at ICC;  Joint planning meeting at Dolly Mzaidume;  Meeting final draw teams;  Engel fuel depo follow up meeting;  Briefing for operation spaza;  Operation at Cambridge SAPS;</p>	<p>November  2022</p>



<p>Berlin November;  Safety &amp; Security monthly meeting at the Hub;  Safety and Security planning meeting for EL festival;  Engel fuel depo exercise drill;  Launch of festive season – SAPS NU 1;  Netball World Cup at ICC;  Urban Hangout summer invasion at Police Park;  Berlin November dry run;  Special IOC;  Berlin November funfair;  Executive Safety meeting;  Launch of festive season at Orlando stadium;  Netball meeting at ICC;  Rabies Joc at City Health;  Netball meeting at ICC;  Life Beacon Bay table top exercise;  Engen debriefing;  VOC for ICC Netball final draw.</p>	
<p>Urban Hangout Summer Invasion at Police Park;  Switch on of the Lights meeting at Orient Boardroom;  Local Organising Committee (LOC) meeting for Metro FM at Buffalo Park;  EL Private Hospital evacuation planning;  EL Private Hospital evacuation;  Festive season planning at Osner Hotel;  Beats and wheels planning at Police Park;  Beats and Wheels &amp; Scorpion Kings at Police Park;  EC Jazz Festival;  New Year’s Eve meeting;  EC Jazz Festival;  London Roots;  Jazz festival at Thornpark.</p>	<p>December  2022</p>

<p>Phelophepha at Civic Centre Council Chamber;  Communicable Disease Planning Meeting – Virtual;  Planning Meeting for Buffalo Regatta Event.</p>	<p>January  2023</p>
<p>IOC Meeting at Qonce;  RIMS Meeting at Fire Station;  Cricket A &amp; India Women’s Final Event;  Provincial Disaster Operations Committee Meeting (Virtual);  Surfers Challenge Planning Meeting at DMC;  GMA Organising Committee at Amathole DEDEAT;  Regent Hotel Inspection;  Provincial Disaster Operation Committee (Virtual);  Pre-inspection Surfers Challenge;  Surfers Challenge Event;  SOPA Preparatory Meeting (Virtual);  Legkotla Event at ICC;  IOC Meeting at Qonce;  IDP / SDBIP Mid-Term Adjustment Meeting;  MOUL Stakeholder Engagement (Airport) – Virtual;  Provincial Disaster Operations Committee;  Assessments in Qonce;  Safer City Project NU 1 Police Station;  Planning Meeting for International Women’s Day (Virtual);  SOPA Security Cluster Planning Meeting;  SOPA Meeting in Qonce;  African National Congress (ANC) Provincial meeting;  Security Cluster Planning Meeting for SOPA;  SOPA State of readiness (Virtual);  South Africa vs West Indies Planning Meeting at Buffalo Park Stadium;  International Women’s Day Planning Meeting (Virtual); ANC Gala Dinner;  Opening of House of Traditional Leaders;  Provincial Disaster Operations Committee (Virtual).</p>	<p>February  2023</p>

<p>IOC Meeting in Qonce;  South Africa vs West Indies Cricket at Buffalo Park;  International Women’s Day (IWD) Planning Meeting (Virtual);  Deputy Police Minister Visit Meeting;  House of Traditional Leaders Planning Meeting;  Provincial DM Advisory Forum Meeting (Virtual);  South Africa vs West Indies Planning Meeting at Buffalo Park;  Budget Speech at Legislature;  Heads of Centre Meeting at PDMC;  EFF Shutdown Planning Meeting at NU 1 Police Station;  Operation Meeting at MHS Boardroom;  South Africa vs West Indies Cricket Planning Meeting;  South Africa vs West Indies Cricket Event;  MBSA Family Day Planning Meeting;  Operations Spaza with MHS;  Dry Run for MBSA Family Day;  IDP Roadshow Planning Meetings;  Stakeholder Engagement Session – Virtual (Dam Safety management);  South Africa vs West Indies Debriefing at Buffalo Park;  Easter Operations Planning Meeting at Mdantsane Police Station;  EC Provincial Disaster Capacity Building Coordination Forum (Virtual); BCMM  OHS Committee Forum (Virtual);  EC Hustlers Awards Planning Meeting at Cambridge Police Station; BCMM  Multistakeholders Operation;  Operation at Cambridge;  Visit to Ncerha Village for Assessment;  Emergency Planning Meeting at Bhisho Airport.</p>	<p>March 2023</p>
<p>IDP Preparatory Meeting at New Council Chamber;  Football Preparatory Planning Meeting at North-end Stadium;  IOC Meeting at Council Chamber in Qonce;  Easter Operational Planning Meeting at Mdantsane Police Station;  IDP Budget Roadshow;  Religion Parliament Preparatory Meeting (Virtual);  Compass EC Monitoring Meeting (Virtual);</p>	<p>03 April 2023</p>

<p>IOC Meeting at Council Chamber in Qonce;  Welcoming Ceremony of Prince Burns Ncamashe at Mngqesha;  Dry Run Meeting at North-end Stadium;  Council Open Day at Old Council Chamber;  Preparatory Meeting for the welcoming of the Deputy Minister of CoGTA at Dimbaza SAPS;  MHS Operation Preparatory Meeting;  Religious Parliament Preparatory Meeting;  MHS Operation;  Development of Contingency Plan for Electricity (Virtual);  IDP Planning Meeting at City Hall;  Inspection at City Hall;  Preparatory Planning Meeting for Workers' Day;  IDP Roadshow at Mdantsane Event;  IDP Roadshow at Ncerha Event;  Council Open Day at City Hall;  IDP Roadshow at Ginsberg Event Expo Public Awareness at King's Beach;  CSF Meeting;  Workers' Day Planning Meeting at SAPS NU 1 Police Station;  IDP Roadshow at Jan Smuts Stadium Event;  Meeting with Electricity on Development of Contingency Plan at Beacon Bay;  Planning Meeting for ANC Elective Conference Amathole Region at City Hall;  IOC Meeting at Qonce;  BCMM OHS Committee Meeting at Wellness Centre;  ANC Conference Preparatory Meeting at City Hall;  Workers' Day Planning Meeting at Mdantsane Police Station;  ANC Region Elections Meeting at ICC;  Truck Shutdown Meeting VOC Osner.</p>	
<p>Council Open Day Planning Meeting at City Hall;  RIMS Meeting at Fire Auditorium;    IDP Roadshow Event at Sisa Dukashe Stadium; Executive Safety Meeting at Wellness Centre;  Operation/Raid in Qonce;</p>	<p>May 2023</p>

<p>Preparatory Planning Meeting for the Council Open Day at City Hall; Inter-departmental Committee Meeting;</p> <p>Council Open Day at ICC;</p> <p>IDP Roadshow debriefing Meeting at Old Council Chamber;</p> <p>Operation/Raid in Qonce;</p> <p>Impolo Yabahlobo Family Day Meeting at Buffalo Park;</p> <p>Preparatory Planning Meeting for the Deputy President visit at Osner; Airport Meeting (Virtual);</p> <p>Strategic Work Session (Virtual);</p> <p>Council Open Day debriefing meeting at City Hall;</p> <p>Pre-visit at Ncera Village and preparatory meeting for visit of Deputy Environmental Health;</p> <p>Operation/Raid in Qonce;</p> <p>Preparatory meeting for Fire Drill at Frere Hospital;</p> <p>Table Top Exercise at Airport;</p> <p>Dry Run and Planning Meeting at Ncera Village;</p> <p>Safety Committee Meeting at Fire Auditorium.</p>	
<p>Cholera Preparedness Meeting at MHS Beaconsfield;</p> <p>PCBCF Meeting (Virtual);</p> <p>ANC Youth League (ANCYL) Provincial Conference Meeting at ICC;</p> <p>ANC Veterans Meeting at ICC;</p> <p>IOC Meeting in Qonce;</p> <p>ANC Veterans Conference Event at ICC;</p> <p>Head of Centre meeting at Bhisho;</p> <p>PDMC Forum Meeting (Virtual);</p> <p>Preparatory Meeting of Alfred Mtsi Games at Sisa Dukashe;</p> <p>JPC Meeting at Legislature;</p> <p>Kiwane Resort Race Planning Meeting at Tourism Orient;</p> <p>BCMM Investment Summit Planning Meeting at Old Council Chamber; Dry Run and Meeting for BRICS Roadshow at ICC;</p> <p>IOC Meeting at Qonce Council Chamber;</p> <p>Municipal Operations By-laws Enforcement Forum Meeting;</p> <p>Preparatory Meeting for Netball World Cup Trophy at Dept of Sport Boardroom;</p> <p>Operation/Raid in Qonce;</p>	<p>June 2023</p>

Internal Auditing Meeting; PCBCF Meeting; SA Youth Road Cycling Champions at EL Police Station; BCMM Investment Summit at ICC; Inkciyo Annual Event in Qonce.	
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T3.22.2

**Table 141: Disaster management, animal licencing and control, control of public nuisances, etc., policy objectives taken from IDP**

Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc., Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets (ii)	2021/2022		2022/2023			2023/2024	2024/2025	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
<b>NO OBJECTIVES ON THE IDP</b>									
<b>.NB. NO OBJECTIVES ON THE IDP FOR DISASTER MANAGEMENT</b>									

T 3.22.3

**Table 142: Employees: Disaster management, animal licencing and control, control of public nuisances**

<b>Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	0	1	1	0	0%
4 – 6	1	0	0	0	100%
7 – 9	1	1	1	0	0%
10 – 12	2	4	4	0	0%
13 – 15	1	1	1	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0%</b>
<i>T 3.22.4</i>					

**Table 143: Financial performance 2022/2023: Disaster management, animal licencing and control, control of public nuisances, etc.**

<b>Financial Performance 2022/2023: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.</b>					
<b>R'000</b>					
<b>Details</b>	<b>2021/2022</b>	<b>2022/23</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	–	–	–	–	<b>0%</b>
Expenditure:					
Employees	4 482	5 106	4 096	4 096	-25%
Repairs and Maintenance	–	58	58	19	0%
Other	821	1 848	1 202	1 123	-65%
<b>Total Operational Expenditure</b>	<b>5 303</b>	<b>7 012</b>	<b>5 355</b>	<b>5 238</b>	<b>-34%</b>
<b>Net Operational Expenditure</b>	<b>5 303</b>	<b>7 012</b>	<b>5 355</b>	<b>5 238</b>	<b>-34%</b>
<i>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.</i>					
<i>T 3.22.5</i>					

**Table 144: Capital expenditure 2022/2023: Disaster management, animal licencing and control, control of public nuisances, etc.**

<b>Capital Expenditure 2022/2023: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>2 000</b>	<b>2 555</b>	<b>1 374</b>	<b>-46%</b>	
TACTICAL RADIO NETWORK	1 500	555	555	-170%	4 961
CONSTRUCTION OF NEW DISASTER MANAGEMENT CENTRE	500	2 000	818	39%	2 000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.22.6</i>

**COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:**

The first Advisory Forum meeting was convened on 09 March 2023.

The first Municipal Interdepartmental Risk Management Committee meeting was convened on 11 May 2023.

Awareness Campaigns were conducted in wards to raise awareness about natural and man-made disasters. The first campaign took place on 16th May 2023 at Masakhe Primary School, with 732 learners in attendance.





**Figure 124: 18 May 2023 at Zwelemfundo Primary School with 136 learners attending**



**Figure 125: 27 June 2023 at Mdantsane NU 5 Rent Office with 53 attendees**



**Figure 126: 28 June 2023 at Ndevana Community Hall with 55 attendees**



**Figure 127: Presentation by Disaster Management**

Disaster Management did a presentation at an awareness campaign at Kidd's Beach on 19-20 April 2023 held by MHG Property development Specialist.



**Figure 128: Kidd's Beach community members**

The Tactical Radio Network project, initiated in the 2020/2021 financial year, is a multi-year endeavour focused on facilitating the supply and installation of radio equipment for Emergency Services departments. The project extended into the 2022/2023 financial year, during which the following tasks were carried out:

- Installed 16 mobile radios in Emergency Services vehicles.
- Procured four additional repeaters to be strategically positioned at each of the four high sites, expanding the system's capacity for multiple simultaneous conversions.

- Renewed 10 ICASA Licences.
- Procured four additional equipment antennae duplexers for repeaters.
- Reviewed draft Training documents supplied by the Service Provider.

Visuals illustrating various aspects of the Tactical Radio Network project are provided below.



**Figure 129: Disaster Management server room**



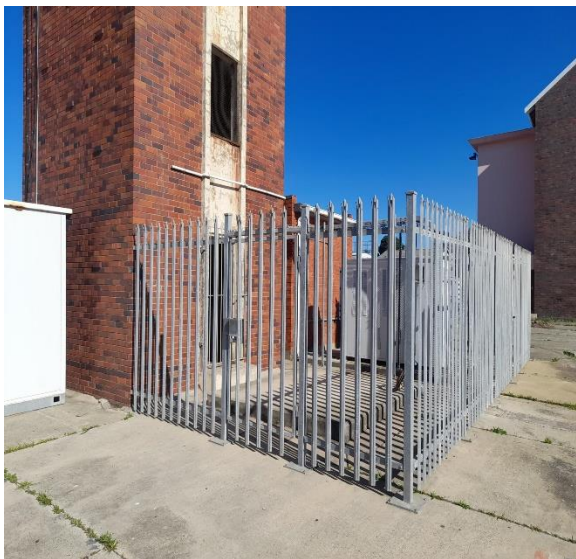
**Figure 130: Disaster Management base station**



**Figure 131: Nompumelelo site**



**Figure 132: Bhisho water tower site**



**Figure 133: Greenfields site**



**Figure 134: Mobile radios installed in Fire and Disaster Management vehicles**

T 3.22.7

## COMPONENT H: SPORT AND RECREATION

### 3.23. SPORT AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

BCMM has five swimming pools currently operating: Joan Harrison swimming pool, Orient swimming pool, Ruth Belonsky swimming pool, Zwelitsha swimming pool, and Qonce swimming pool. These pools serve the recreational and sporting needs of the community. The NU2 Mdantsane swimming pool is currently undergoing refurbishment and is not yet open. Joan Harrison swimming pool has been fenced off at the back of the water polo area and in front of the complex to ensure the facility's security. Qonce swimming pool has had aluminium windows installed in the plant room to secure the filtration system. These pools have hosted major national aquatic competitions and are popular with local users during the summer vacations.

In the Coastal Rrgion, there are two tariff-levying resorts: Gonubie Resort and Nahoon Caravan Park. Gonubie Resort has 20 wooden chalets and 83 camping/caravan sites, while Nahoon Caravan Park has 53 camping/caravan sites. These resorts are important sources of revenue for BCMM and experience high guest volumes during the summer season and Easter holiday period. The Tourism Grading Council of South Africa (TGCSA) has awarded the wooden chalets at both resorts a 3-star rating, as well as the camp sites. The chalets can accommodate a total of 108 people.

The construction of an Administrative Office at Nahoon Caravan Park has been completed. Additionally, Gonubie Resort has a dining hall that can accommodate approximately 120 people and also generates revenue for the institution. This dining hall is used for hosting events by guests who have booked the resort.

**T 3.23**



## **SERVICE STATISTICS FOR SPORTS DEVELOPMENT, FACILITIES AND RECREATION**

Number of users for the period 01 July 2022 to 30 June 2023

Number of visitors for the period 01 July 2022 to 30 June 2023

Pools = 60 626 Visitors

Resorts Chalets = 4 529 Visitors

Resorts camping sites = 899 Visitors

**T 3.23.1**

**Table 145: Sports development, facilities, and recreation objectives taken from IDP**

Sports Development, Facilities, and Recreation Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2021/2022		2022/2023			2023/2024	2024/2025	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
Number of swimming pools upgraded	5	0	2	2	2	2	2	2	2
Number of resorts upgraded	2	1	1	1	2	2	2	2	2
<i>T 3.23.2</i>									

**Table 146: Employees: Sport and recreation**

Employees: Sport and Recreation					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	184	144	121	23	15,9%
4 – 6	128	108	94	14	12,9%
7 – 9	32	28	23	5	17,8%
10 – 12	15	13	10	3	23%
13 – 15	5	5	5	0	0%
16 – 18	1	0	0	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>365</b>	<b>298</b>	<b>253</b>	<b>45</b>	<b>15,1%</b>

*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 3.23.3

**Table 147: Financial performance 2022/2023: Sport and recreation**

Financial Performance 2022/23: Sport and Recreation					
Details	R'000				
	2021/2022	2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>2 000</b>	<b>8 860</b>	<b>9 316</b>	<b>5 723</b>	<b>-55%</b>
Expenditure:					
Employees	64 208	69 711	70 456	70 456	1%
Repairs and Maintenance	5 076	4 522	5 629	5 512	18%
Other	31 667	27 510	31 617	29 206	6%
<b>Total Operational Expenditure</b>	<b>100 951</b>	<b>101 743</b>	<b>107 701</b>	<b>105 173</b>	<b>3%</b>
<b>Net Operational Expenditure</b>	<b>98 951</b>	<b>92 883</b>	<b>98 385</b>	<b>99 451</b>	<b>7%</b>

*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

**Table 148: Capital expenditure 2022/2023: Sport and recreation**

<b>Capital Expenditure 2022/2023: Sport and Recreation</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2022/23</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>13 100</b>	<b>26 461</b>	<b>22 401</b>	<b>42%</b>	
UPGRADING OF RESORTS	6 000	5 673	4 291	-40%	3 551
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	3 000	2 845	2 845	-5%	3 442
UPGRADING OF SPORTS FIELDS	2 500	5 581	5 581	55%	5 065
RESTORATION OF HERITAGE SITES		1 695	1 695	100%	1 695
BUILDING OF MEMORIAL STONES c/o		2 472	2 472	100%	2 472
SWIMMING POOLS	1 400	1 378	1 378	-2%	1 602
PLANT – SWIMMING POOL	200	199	199	-1%	200
PLANT – SWIMMING POOL c/o	–	29	15	100%	29
REDEVELOPMENT OF MDANTSANE SPORT PRECINCT – NU2 SWIMMING POOL c/o	–	6 297	3 632	100%	5 122
REFURBISHMENT OF SWIMMING POOLS c/o	–	290	290	100%	399
<p><i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i></p>					

T 3.23.5

## **COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:**

The capital projects related to the Swimming Pool were the primary focus for the 2022/23 financial year, and they were successfully executed without encountering any challenges.

The redevelopment of the NU 2 Swimming Pool is still ongoing. However, there was a delay in approving the variation order, which is necessary to finalise the project.

Numerous projects for the Resort in the 2022/2023 financial year were successfully completed without encountering any challenges. Nevertheless, there were delays in the completion of the construction of the Swimming Pool at Gonubie Resort.

The construction of the Nahoon Caravan offices has been completed.

**T 3.23.6**

## **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

### **3.24 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 abovementioned 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.

T3.24.1.

## **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 7 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 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

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/2022		2022/2023			2023/2024	2024/2025	
		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)
<b>Service Objective</b>									
A Well Govern City	Total increase in the amount of revenue collected for traffic fines	R5 500 000	R 12 530 796.35	R 5 500 000	R 5 500 000	R 11 507 630.21	R 5 500 000	R 5 500 000	R 5 500 000
A Green City	Number of Waste Diversion BuyBack Centres Established	New Indicator	4 Buyback centres established (Two (2) at Coastal, One (1) at Midland; One (1) at Inland)	2 Buy back centres have been established in the Coastal region i.e. Southernwood and East London CBD.	4 Buyback centres established (Two (2) at Coastal, One (1) at Midland; One (1) at Inland)	4 (Waste Diversion Buyback centres established at Coastal and Midland)	8	10	12



An Innovative and Productive City	Number of bursaries awarded	50 Bursaries	50 Bus Bursaries	50 Bursaries	50 Bursaries	67 Bursaries	50 Bursaries	50 Bursaries	50 Bursaries
A Connected City	KM of Gravel Roads Rehabilitated	80km	80Km	80Km	80KM	80km	20Km	20km	20km
A Spatially Integrated City	Number of Community Halls Upgraded	0	0	0	5	5	6	6	6
									<i>T 3.24.3</i>

**Table 149: Employees: The Executive and Council**

Employees: The Executive and Council					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)17/18	Vacancies (as a % of total posts)17/18
	No.	No.	No.	No.	%
0 – 3	18	19	17	2	10,5%
4 – 6	65	78	68	11	12,8%
7 – 9	39	48	44	4	8,2%
10 – 12	25	29	29	0	0%
13 – 15	9	10	8	2	20%
16 – 18	7	9	7	2	22,2%
19 – 20	5	6	6	0	0%
<b>Total</b>	<b>159</b>	<b>199</b>	<b>179</b>	<b>21</b>	<b>10,0%</b>

*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 3.24.4

**Table 150: Financial performance 2022/2023: The Executive and Council**

Financial Performance 2022/2023: The Executive and Council					
Details	R'000				
	2021/2022	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>201</b>	<b>15 309</b>	<b>17 562</b>	<b>17 686</b>	<b>13%</b>
Expenditure:					
Employees	154 374	208 854	174 223	170 796	-22%
Repairs and Maintenance	1 897	3 470	2 816	2 187	-59%
Other	225 093	194 138	225 855	214 432	9%
<b>Total Operational Expenditure</b>	<b>381 364</b>	<b>406 462</b>	<b>402 895</b>	<b>387 416</b>	<b>-5%</b>
<b>Net Operational Expenditure</b>	<b>381 163</b>	<b>391 152</b>	<b>385 333</b>	<b>369 729</b>	<b>-6%</b>

*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 3.24.5

**Table 151: Capital expenditure 2022/2023: The Executive and Council**

Capital Expenditure 2022/2023: The Executive and Council					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>1 100</b>	<b>1 155</b>	<b>1 155</b>	<b>5%</b>	
OFFICE FURNITURE AND EQUIPMENT (DIRECTORATE)	500	428	428	-17%	500
REPLACEMENT OF COUNCIL CHAMBER HORSESHOE LEATHER CHAIRS AND TABLES c/o		–	–	0%	–
COUNCILLORS' OFFICE EQUIPMENT		506	506	100%	
OFFICE FURNITURE AND EQUIPMENT (DIRECTORATE)	500	70	70	-611%	500
OFFICE FURNITURE AND EQUIPMENT – EPMO	100	151	151	34%	–
AUDIT SOFTWARE		–	–	0%	–
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.24.6</i>

**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*

## **3.25 FINANCIAL SERVICES**

### **INTRODUCTION TO FINANCIAL SERVICES**

#### **Revenue Management**

The key functions of the Revenue Management Department include the following:

- a. Meter Reading
- b. Billing of Property Rates and Service Charges
- c. Indigent Registration and monthly subsidy allocation
- d. Enquiries and Customer Services
- e. Call Centre Services
- f. Property Valuations and Appeals
- g. Revenue Collection
- h. Debt Management, including disconnections, blocking, and legal collection action
- i. Bad Debt Write Offs
- j. Electricity Prepayment Vending and Third-Party Collections

#### **Billing**

During the financial year, municipal bills were produced and sent to customers on a monthly basis. In order to address challenges faced by the South African Postal Service, the Municipality also began sending electronic statements and implemented a web portal for municipal statements. In instances where the Municipality was unable to read meters, interim readings based on historical consumption were used to calculate charges. In September 2022, the Council decided to suspend the implementation of punitive measures due to changes in dam levels in the City. As a result, the number of queries received for the financial year decreased by 39% compared to the previous year. This reduction can be attributed to the removal of punitive tariffs in September 2022, as well as the continued implementation of billing controls.

## **Debt Collection**

The Department's main focus was to enhance debt collection and reduce the debt book. Regrettably, BCMM fell short of achieving the collection rate target of 85%, reaching only 82,05% for rates and service charges. In addition, the increase in water billing resulting from the punitive tariffs imposed due to the drought further hindered the collection rate. Furthermore, the adverse economic effects of COVID-19 have made it difficult for customers to meet their monthly payments, despite the implementation of the Debt Incentive Scheme provided by the City.

### **Measures taken to improve performance**

Continued disconnection of electricity meters and blocking of prepayment meters.

Implementation of a community outreach programme aimed at assisting consumers with account management and query resolution.

Raising awareness about Metro interventions, such as the installation of smart meters, query portals, and online statement portals.

Analysis of returned mail to rectify postal addresses and minimise instances of returned mail.

Updating consumer data to ensure effective credit control actions, including telephone calls, SMS notifications, and letters, are taken as needed.

Continued implementation of the Revenue Enhancement Strategy, with a specific focus on enforcing debt collection actions.

*T 3.25.1*

**Table 152: Debt recovery**

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2021/2022		2022/2023			2023/2024	
	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 out-turn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	1 808 717	76%	1 622 225	1 622 225	85%	1 638 447	85%
Electricity – B	162 576	79%	161 663	161 663	83%	163 280	83%
Electricity – C	1 643 832	79%	1 634 601	1 634 601	83%	1 650 947	83%
Water – B	93 897	38%	77 566	77 566	36%	78 342	36%
Water – C	1 247 498	38%	1 030 527	1 030 527	36%	1 040 832	36%
Sanitation	556 049	69%	531 795	531 795	77%	537 113	77%
Refuse	459 336	59%	427 077	427 077	63%	431 348	63%
Other	96 610	53%	94 238	94 238	55%	95 180	55%
<i>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.</i>							<i>T 3.25.2</i>

**Concerning T 3.25.2**

In order to calculate the % collected per service, the amount collected is divided by the amounts billed for the 2022/2023 financial period.

T3.25.2.1

**Table 153: Financial service policy objectives taken from IDP**

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2021/22		2022/2023			Target		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		2023/2024	2024/2025	2025/2026
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
Provision of free basic services to indigent households	Percentage of the municipality's operating budget spent on free basic services to indigent households	5,00%	6,60%	5,00%	5,00%	7,15%	5,00%	6,00%	6,00%
Provision of free basic services to indigent households	Free basic electricity provision levels as per percentage of total residential electricity provision (in terms of MWh)	10,00%	10,11%	10,00%	10,00%	12,51%	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	83,50%	71,39%	83,50%	85,00%	82,05%	85,00%	85,00%	86,50%



Number of Smart Meters installed	Number of Smart Meters installed electricity	9 000	8 672	9 000	ON HOLD	ON HOLD			
Number of Smart Meters installed	Number of Pre-paid Smart Meters installed electricity	45 000	32 663	45 000	ON HOLD	ON HOLD			
Number of Smart Meters installed	Number of Smart Meters installed water	126 000	110 297	126 000	ON HOLD	ON HOLD			
Percentage of registered billing queries	Accurate billing of accounts	n/a	n/a	Less than 3% of the total billing	Less than 3,5% of the total billing	1,60%	Less than 3% of the total billing	Less than 2,8% of the total billing	Less than 2,5% of the total billing
Percentage of Revenue Clearance certificates issued within 10 working days from time of completed application received	% of Revenue Clearance certificates issued within 10 working days from time of completed application received	N/A	N/A	N/A	95,00%	98,50%	95,00%	96,00%	96,50%
Percentage of budgeted rates revenue collected	% revenue Collection Rate as measured in accordance with the MSA performance regulations	N/A	N/A	N/A	83,50%	82,71%	85,00%	85,00%	86,50%

Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll	Number of subsidy housing properties included in the valuation roll	380	68	380	360	105	150	200	250
<i>T.3.25.3</i>									

**Table 154: Employees: Financial services**

Employees: Financial Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	34	35	32	3	8,5%
4 – 6	337	383	337	47	12,0%
7 – 9	99	106	92	15	13,2%
10 – 12	47	47	44	3	6,3%
13 – 15	20	23	18	5	21,7%
16 – 18	10	10	10	0	0%
19 – 20	3	4	3	1	25%
<b>Total</b>	<b>550</b>	<b>608</b>	<b>536</b>	<b>73</b>	<b>11,8%</b>
<i>T 3.25.4</i>					

**Table 155: Financial performance 2022/2023: Financial services**

Financial Performance 2022/2023: Financial Services					
					R'000
Details	2021/22	2022/23			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>3 035 545</b>	<b>3 340 617</b>	<b>3 420 366</b>	<b>3 317 630</b>	<b>-1%</b>
Expenditure:					
Employees	354 798	336 716	329 421	219 822	-53%
Repairs and Maintenance	3 112	15 303	7 353	5 364	-185%
Other	394 728	618 057	566 530	462 523	-34%
<b>Total Operational Expenditure</b>	<b>752 638</b>	<b>970 076</b>	<b>903 304</b>	<b>687 709</b>	<b>-41%</b>
<b>Net Operational Expenditure</b>	<b>(2 282 907)</b>	<b>(2 370 541)</b>	<b>(2 517 062)</b>	<b>(2 629 921)</b>	<b>10%</b>
<i>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.</i>					
<i>T 3.25.5</i>					

**Table 156: Capital expenditure 2022/2023: Financial service**

Capital Expenditure 2022/2023: Financial Services					
					R' 000
Capital Projects	2022/23				
	Budget	Adjustment Budget	Actual Expenditure	Variance from	Total Project Value

				original budget	
<b>Total All</b>	<b>250 714</b>	<b>98 891</b>	<b>227 675</b>	<b>(0)</b>	<b>348 390</b>
OFFICE FURNITURE & EQUIPMENT (DIRECTORATE)	500	1 140	1 153	57%	–
COST REFLECTIVE TARIFF SOLUTION	2 500	2 500	6	0%	2 500
METER READING SYSTEM	–	2 507	1 558	100%	3 644
SMART METERING SOLUTIONS (ELECTRICITY)	95 989	40 065	81 203	-18%	99 522
SMART METERING SOLUTIONS (WATER)	132 725	23 941	131 263	-1%	177 632
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc.)	6 000	14 872	7 811	23%	47 516
LAPTOPS – INTERNS	–	21	21	100%	–
ASSET REPLACEMENTS – INSURANCE	6 000	3 661	2 161	-178%	7 392
CONSTRUCTION OF OFFICE ACCOMMODATION	4 500	4 500	–	0%	4 500
CONSTRUCTION OF OFFICE ACCOMMODATION c/o	–	3 186	–	0%	3 186
FENCING SCM	2 500	2 499	2 499	(0)	2 499
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					<i>T 3.25.6</i>

**COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:**

**COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:**

Financial Services budgeted to receive revenue of R3.420 billion, of the budgeted amount 97% was received, which amounted to R3.318 billion. The budgeted expenditure for the directorate

amounted to R0.903 billion of which 76% (R0.687 billion) was spent. The budgeted net operational expenditure amounted to R2.517 billion and the actual being R2.629 billion.

The capital projects are in line with the Buffalo City Metropolitan Municipality's Metro Growth & Development Strategy (MGDS) strategic outcome of a well governed city. The total Capital budget that was allocated for the Directorate of Finance was R0.98 billion and 230% (R0.227 billion) of the budget was spent.

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*

### **3.26. HUMAN RESOURCE SERVICES**

#### **INTRODUCTION TO HUMAN RESOURCE SERVICES**

In the 2022/23 financial year, a total of 127 appointments were successfully made. However, due to budget cuts across the institution, there were challenges in advertising and filling positions.

Key appointments during this period include the City Manager, who assumed the role on 13 February 2023, and the Head of Directorate for Sports, Recreation, and Community Development, appointed on 1 November 2022.

The recruitment process is currently underway for the vacant funded post of Head of Directorate for Public Safety and Emergency Services, which has been advertised. Additionally, one General Manager and four Senior Manager positions were successfully filled.

To ensure transparency and accountability, the Human Resources (HR) Department provides quarterly reports on staff turnover during Corporate Services Portfolio Committee meetings.

The section is dedicated to promoting and sustaining positive labour relations by offering pertinent advice and guidance on labour-related matters to managers, supervisors, and

employees. Additionally, the HR Department engages in consultations with unions on matters of interest when necessary. This function encompasses providing assistance and counsel to employees, managers, and unions regarding labour relations issues, thereby ensuring a harmonious working environment.

Furthermore, the Department conducts roadshows in collaboration with all departments to address HR-related matters. The Job Evaluation Unit takes charge of implementing the Job Evaluation Process within BCMM, adhering to the SALGA Job Evaluation Policy as approved by the Council.

The Organisational Development (OD) Division has actively engaged in reviewing the organisational structure, a process currently undergoing further consultation. Additionally, the division is working on the development of a proposed governance/oversight model, which is also in the midst of ongoing consultative processes.

Furthermore, the OD Division has played a supportive role in the Job Evaluation project by quality-controlling job descriptions. The division has also actively participated in various OD Interventions, contributing to the overall enhancement of organisational effectiveness and efficiency.

The Local Government: Municipal Staff Regulations were promulgated in September 2021, and their effective implementation date was set for 1 July 2022. These regulations have been introduced and communicated to all stakeholders, including Council, Organised Labour, Senior Management, and staff.

#### Overview of the Regulations

The Regulations are organised into the following chapters as outlined below:

- Chapter 1: Interpretation and application.
- Chapter 2: Staff establishment, job description, and job evaluation.
- Chapter 3: Recruitment, selection, and appointment of staff.
- Chapter 4: Performance management and development system.
- Chapter 5: Skills development.
- Chapter 6: Dispute resolution.
- Chapter 7: Disciplinary code and procedures.

Chapter 8: Remuneration related matters.

Chapter 9: General (transitional arrangements, repeal, and short title).

The Regulations also incorporate a Local Government: Competency Framework for Occupational Streams, and consist of the following six competency sets/building blocks that contribute to an individual's performance in a particular job and provide an indication of:

- Knowledge, experience, and qualifications;
- Professional Competencies (Technical);
- Personal Competencies;
- Public Service Orientation;
- Management/Leadership Orientation; and
- Administrative Competencies.

The implementation of the Regulations is in progress, with certain functions still in the process of being executed. Existing policies are being adjusted to align with the Regulations, ensuring seamless compliance.

The objectives of the Regulations are to:

- Establish a local public administration career that is fair, efficient, effective, and transparent.
- Foster a development-oriented local public administration guided by sound HR management and career development practices.
- Ensure an accountable local public administration that is responsive to the needs of local communities.
- Promote high standards of professional ethics within local government.
- Enhance the capacity of municipalities to carry out their functions through the recruitment and appointment of suitably qualified and competent individuals.
- Establish a coherent HR governance regime that ensures sufficient checks and balances, including the enforcement of compliance with the legislation.

**T 3.26.1**

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

**Table 157: HR movement during the 2022/2023 financial year**

<b>Movement</b>	<b>No</b>
Staff Complement	5252
Councillors	100
Traditional leaders	0
Interns	23
Terminations	243
Appointments	127

**T 3.26.2**



**Table 158: Human Resource Services policy objectives taken From IDP**

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives		Year 2021/2022		Year 2022/2023			2023/2024	2024/2025	
Service Indicators		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To ensure BCMM is well structured and capacitated to deliver on its mandate	Percentage of the Municipality's budget actually spent on implementing its workplace skills plan, training, and development opportunities to BCMM staff	80%	85%	100%	82%	99,0%	99%	85%	
Improved performance and capacity of the institution	Staff vacancy rate	6.2%	6%	6.2%	8%	11.36%	8%	8%	
Improved performance and capacity of	Number of individuals connected to apprentices	N/A	N/A	N/A	40 learners	36 learners	40 learners	40 learners	

the institution	hips and learnerships through municipal intervention								
Improved performance and capacity of the institution	Percentage of vacant posts filled within 3 months	N/A	N/A	N/A	100% (233 of 466 vacant fund posts to be filled)	15,02%	100% (233 of 466 vacant fund posts to be filled)	100% (233 of 466 vacant fund posts to be filled)	
Improved performance and capacity of the institution	Number of active suspensions longer than three months	20 (number of suspensions longer than 3 months not to exceed 5)	10 (number of suspensions longer than 3 months not to exceed 5)	20 (number of suspensions longer than 3 months not to exceed 5)	20 (number of suspensions longer than 3 months not to exceed 5)	20 (number of suspensions longer than 3 months not to exceed 5)	20 (number of suspensions longer than 3 months not to exceed 5)	20 (number of suspensions longer than 3 months not to exceed 5)	
Improved performance and capacity of the institution	Number of agenda items deferred to the next Council meeting	3 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	0 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	3 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	3 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	0 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	3 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	3 (Must not exceed 3 agenda items deferred to the next Council meeting per quarter)	

Improved performance and capacity of the institution	Quarterly salary bill of suspended officials	R10 000 000,00 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	R4 317 535,46 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	R10 000 000,00 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	R10 000 000,00 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	R6 589 842,88 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	R10 000 000,00 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	R10 000 000,00 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	
Improved performance and capacity of the institution	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	2	2	2	3	2	3	3	3
									T3.26.3

Employees: Human Resource Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	11	12	12	0	0%
4-6	36	37	36	1	2.7%
7 – 9	62	67	64	3	4,5%
10 – 12	41	43	41	2	4,6%
13 – 15	10	11	11	0	0%
16 – 18	8	8	8	0	0%
19 – 20	4	4	4	0	0%
Total	172	182	176	6	3,3%

*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

**Table 159: Financial Performance 2022/2023: Human Resource Services**

Financial Performance 2022/2023: Human Resource Services					
					R'000
Details	2021/2022	2022/2023			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	<b>10 501</b>	<b>11 601</b>	<b>11 579</b>	<b>15 685</b>	<b>26%</b>
Expenditure:					
Employees	112 044	81 060	117 803	114 753	29%
Repairs and Maintenance	2	191	191	–	0%
Other	37 729	43 372	38 734	32 703	-33%
<b>Total Operational Expenditure</b>	<b>149 775</b>	<b>124 623</b>	<b>156 728</b>	<b>147 456</b>	<b>15%</b>
<b>Net Operational Expenditure</b>	<b>139 274</b>	<b>113 022</b>	<b>145 149</b>	<b>131 771</b>	<b>14%</b>

*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

<b>Capital Expenditure 2022/2023: Human Resource Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expen</b>	<b>Variance original b</b>	<b>Total Project</b>
<b>Total All</b>	<b>1 000</b>	<b>804</b>	<b>785</b>	<b>-27%</b>	
OFFICE FURN AND EQU (DIRECTORATE)	500	261	242	-107%	500
EMPLOYEE PERFORMANCE MANAC SYSTEM	–	–	–	0%	15
SCANNERS	500	164	164	0%	500
OFFICE FURN AND EQU (DIRECTORATE) c/o	–	–	–	0%	–
SCANNERS c/o	–	379	379	0%	–
EMPLOYEE PERFORMANCE MANAC SYSTEM c/o	–	–	–	0%	–
FIBRE NETWORK	1 100	1 100	1 037	100%	1 100
LTE INFRASTRUCTURE	1 330	1 330	223	100%	1 330
DISASTER RECOVERY ENHANCEME	1 400	1 310	1 310	100%	1 400
PROCUREMENT OF ICT EQUIPMENT	–	–	–	100%	–
DISASTER RECOVERY ENHANCEME	–	937	937	100%	–
INTELLIGENT OPERATING HARDWARE & SOFTWARE c/o	–	1 871	1 871	100%	–
FIBRE NETWORK c/o	–	364	343	100%	–
LTE INFRASTRUCTURE c/o	–	1 090	1 018	100%	–
NETWORK REFRESH(KWT,MDA,BISHO) c/o	–	384	41	100%	–
SERVER HARDWARE (Applicatio Database) c/o	–	2 500	2 500	100%	–
Total project value represents the estimated cost of the project on approval by council (including and future expenditure as appropriate.					T 3.26.6

## **COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:**

The Municipal Staff Regulations implementation is underway, with aligned policies undergoing consultation. Certain functions, such as the competency framework, are still in the process of being implemented. The effective implementation date for Chapters 2 (Staff establishment, job description, and job evaluation) and Chapter 4 (Performance management and development system) has been extended from 1 July 2022 to 1 July 2023.

Despite budget cuts during the financial year under review, recruitment processes have been operating optimally.

In collaboration with the Budget Office under Finance, staff expenditure is closely monitored and reported monthly to all Directorates.

There has been a reduction in the number of suspensions, and the suspension bill has decreased.

Staff expenditure is closely monitored and reported monthly to all Directorates.

Since the beginning of the Job Evaluation process, the Municipality has evaluated a total of 1 569 positions. From July 2022 to June 2023, during the year under review, Job Evaluation has evaluated 69 posts, audited them, and implemented changes for 68 staff members. The overall cost of the Job Evaluation project as of June 2023 is R5 009 229,26. The Municipality is currently undertaking the Review/Appeal process, which is being facilitated by an external service provider.

The proposed Macro structure has been developed and is pending the consideration of the City Manager, Mayoral Committee, and Council. The review of the Micro structure is planned to take place during the 2023/2024 financial year.

*T 3.26.7*

### **3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

#### **INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

The Information Technology and Support Department, serving as the facilitator of Information Communication and Technology within the institution, operates under the guidance of the ICT Strategy. Aligned with the City Development Strategy and its focus on crucial areas of the IDP, the strategy centres on:

- a) Municipal Transformation and Organisational Development
- b) Integration of physical ICT Infrastructure to enhance multimodal connectivity
- c) Municipal Basic Service Delivery & Infrastructure Development
- d) Development and establishment of a Smart City concept for the City

#### **MEASURES TO ENHANCE PERFORMANCE**

- a) Establishment of Governance Structures
- b) Operations Forum dedicated to monitoring the performance of ICT
- c) ICT Steering Committee tasked with overseeing the progress of ICT projects
- d) Change Management Committee ensuring all improvements in the ICT environment
- e) Provision of ICT training for employees to align with ICT standards, thereby improving ICT services

#### **ICT GOVERNANCE**

The fully operational ICT governance structures include:

- a) ICT Change Review Board
- b) ICT Security and Architecture Review Board
- c) ICT Operations and Projects Forums
- d) Disaster Recovery Planning Forum

## **ICT SECURITY**

Improved ICT security that includes:

- a) Enabling a virtual environment to enhance working relations and productivity
- b) Firewall Enhancements, including:
  - Security Analysis Report
  - Threat Report
- c) Application Security
- d) Security Review Board addressing security issues
- e) User awareness initiatives

## **NETWORK INFRASTRUCTURE AND INTERNET**

An improved ICT network that includes:

- a) A City with fibre network connectivity to all major offices within the Metro
- b) Constructed microwave backbone link from EL CBD to Bhisho, Qonce, and Dimbaza.
- c) Constructed microwave link from EL CBD to Beacon Bay and Gonubie.
- d) Sufficient Backup power in all network connectivity high-sites.

*T 3.27.1*

## **SERVICE STATISTICS FOR ICT SERVICES**

### **STATISTICS FOR ICT SERVICES**

The ICT Unit received 652 IT equipment requests in relation to:

- a) Desktop/Laptops
- b) Smart Tabs
- c) Network Access Points
- d) Printers/Scanners/Copiers/Fax Machines
- e) Cabling

ICT further responded to a total of 11 345 incidents, which related to challenges with:

- a) Network
- b) Desktops/Laptops



- c) Electronic mail
- d) Applications
- e) Storage
- f) Security
- g) Printers
- h) Smart Tabs

*T 3.27.2*

**Table 160: ICT Services policy objectives taken from IDP**

ICT Services Policy Objectives Taken from IDP									
Service Objectives	Outline Service Targets	2021–2022		2022–2023			2023–2024	2024–2025	
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current year (vi)	(vii)	*Current Year (vii)	*Current Year (ix)	*Following Year (x)
Service Objective									
Connected City	Number of BCMM halls and offices with fibre network	2	2	1	1	1	1	2	
Capacitate City Infrastructure	Number of Servers for disaster recovery enhancement	2	2	2	1	1	1	2	
Wi-Fi: Procurement of centralised Wi-Fi controller	Municipal halls and buildings with Wi-Fi hotspots	4	4	4	1	1	1	1	

**Table 161: Employees: ICT Services**

Employees: ICT Services					
Job Level	Year 2021/2022	Year 2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	2	2	0	0%
4 – 6	1	1	1	0	2,7%
7 – 9	5	6	4	2	4,5%
10 – 12	22	21	19	2	4,6%
13 – 15	8	10	10	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>39</b>	<b>41</b>	<b>37</b>	<b>4</b>	<b>3,3%</b>

*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.*

T3.27.4

**Table 162: Financial Performance 2022/2023: ICT Services**

Financial Performance 2022/2023: ICT Services						R'000
Details	2021/2022	2022/2023				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	<b>1</b>	<b>738</b>	<b>735</b>	<b>1</b>	<b>0%</b>	
Expenditure:						
Employees	45 091	47 802	45 852	45 852	-4%	
Repairs and Maintenance	4 477	8 581	8 581	6 616	-30%	
Other	49 577	46 083	49 202	49 221	6%	
<b>Total Operational Expenditure</b>	<b>99 144</b>	<b>102 466</b>	<b>103 636</b>	<b>101 689</b>	<b>-1%</b>	
<b>Net Operational Expenditure</b>	<b>99 143</b>	<b>101 729</b>	<b>102 901</b>	<b>101 688</b>	<b>0%</b>	

*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

**Table 163: Capital Expenditure 2022/2023: ICT Services**

Capital Expenditure 2022/2023: ICT Services					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>3 914</b>	<b>10 885</b>	<b>9 281</b>	<b>58%</b>	
FIBRE NETWORK	1 100	1 100	1 037	-6%	1 100
LTE INFRASTRUCTURE	1 330	1 330	223	-497%	1 330
DISASTER RECOVERY ENHANCEMENT	1 400	1 310	1 310	0%	550
DISASTER RECOVERY ENHANCEMENT c/o	–	937	937	100%	–
INTELLIGENT OPERATING CENTRE HARDWARE & SOFTWARE c/o	84	1 871	1 871	0%	84
FIBRE NETWORK c/o	–	364	343	100%	–
LTE INFRASTRUCTURE c/o	–	1 090	1 018	100%	–
NETWORK EQUIPMENT REFRESH (QONCE, MDA, BHISHO) c/o	–	384	41	100%	–
SERVER HARDWARE (Application and Database) c/o	–	2 500	2 500	100%	–
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					
<i>T 3.27.6</i>					

**COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:**

The overall performance of ICT services has seen significant improvement. One notable improvement is the introduction of a Virtual Environment, which has played a key role in enhancing working relations and increasing productivity among staff members. This innovative addition has enabled seamless collaboration, allowing employees to work together efficiently, regardless of their physical locations.

Additionally, the integration of Office 365, along with tools like Microsoft Teams, has revolutionised communication and collaboration, resulting in streamlined workflows and improved efficiency. Furthermore, providing laptops equipped with Office 365 has given employees and councillors the flexibility to work from anywhere, ensuring uninterrupted operations even during unforeseen disruptions. In addition to these advancements, the implementation of the latest multifunction printers

and scanners has expedited the transition to digital document management, reducing dependence on paper-based processes and enhancing the accessibility of information.

Moreover, the use of SharePoint as a centralised document management and collaboration platform has significantly improved document version control and workflow optimisation. Overall, these improvements in ICT services have not only strengthened the Municipality's operational capabilities, but have also fostered a more collaborative and productive work environment.

*T 3.27.7*

### **3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES**

#### **INTRODUCTION TO PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES**

##### **PROPERTY MANAGEMENT DEPARTMENT**

BCMM manages an extensive portfolio of capital assets, encompassing land, buildings, and facilities serving diverse purposes for community service delivery.

The Department oversees:

- a) Estate management, property transfers, and transactions;
- b) Property disposals, acquisitions, exchanges, and expropriations;
- c) 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** is responsible for managing the Municipal Property Portfolio and for acquiring and allocating office space for Councillors and Municipal Directorates, conducting inspections, and handling insurance matters.

**Land Reform and Transactions** aims to support land restitution programmes for individuals who were dispossessed due to racially discriminatory legislation and pricing. This division seeks to contribute to the important processes of reconciliation, reconstruction, and development. Restitution is an integral part of the broader Land Reform programme and is closely linked to the need for land redistribution and tenure reform.

**Land Redistribution** aims to provide historically disadvantaged individuals and communities with access to land for residential and productive purposes in order to improve their income and quality of life.

**Land Tenure Upgrading** focuses on upgrading existing land rights, such as site permits, residential permits, lodgers permits, certificates of occupation, and permission to occupy, to make them more secure. This aspect of land reform is addressed in Section 25(6) of the Constitution (RSA, 1996).

**Extended State Discount Benefit Scheme** specifically deals with beneficiaries who were allocated houses by the previous regime prior to 1994. All land rights are now being upgraded to full title.

### **Property Disposal and Acquisitions Division**

**The Property Disposals & Acquisitions Unit** is tasked with the disposal and acquisition of land and buildings to improve service delivery within the BCMM jurisdiction. Its primary responsibility is to efficiently dispose of surplus property and land to the public for various purposes, including residential, business, institutional, industrial, agricultural, etc., in accordance with Clause 25 of the Constitution (RSA, 1996). The overarching goal is to contribute to the Land Redistribution Programme of the BCMM.

The Council has approved the acquisition of land parcels for the Mixed Use Integration Zone, which are privately owned.

The following land parcels were acquired during the year under review.

### **LAND ACQUISITIONS**

- Land Parcel acquired:

- Erven 9959 and 9986 Unit acquired from ECDC.
- Portion 1 of Farm 623 (East London)
- Portion 23 of Farm 807 (EL – Quenera)

## **LAND INVASIONS**

### **MANAGING AND CURBING LAND INVASION AND ILLEGAL OCCUPATIONS OF LAND WITHIN BCMM AREA OF JURISDICTION**

- *Land invasion* refers to the illegal occupation of land by individuals or groups, for the purpose of establishing settlements, businesses, or any other unauthorised land use on municipal-owned or privately-owned properties without the owner's consent.
- There are large tracts of land that have been invaded, and in some areas, these invasions have had an impact on municipal plans. In response to these illegal activities, the BCMM has taken steps to address invasions, both proactively and reactively. These measures include the application of the Land Management Policy, obtaining interdicts and court orders, all of which are thoroughly documented.

## **PIE ACT**

Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (PIE), No. 19 of 1998:

- Urgent amendments are necessary for municipalities to effectively address and prevent land invasions.
- The City and other metros have submitted a comprehensive amendment bill to the National Government addressing this issue.
- Places an 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)**

1. Service delivery protest

2. Need for space
3. Opportunistic entrepreneurship
4. Proximity to alternative services
5. Political manoeuvring
6. Economic impacts of COVID-19 (Eviction from backyards)
7. "Gaming the system" (Awaiting temporary basic services)

## **BROAD CHALLENGES**

- Judiciary systems and outcomes favouring land invaders under the current PIE Act.
- Lack of local intelligence to identify perpetrators effectively.
- Delays in obtaining eviction/court orders leading to uncontrolled land invasion.
- Difficulty in monitoring informal settlements that are not easily accessible.
- Proliferation of shacks during non-business hours or weekends.
- Safety concerns for staff when confronted by often violent invaders.
- City burdened with providing alternative accommodation as per current legislation for evictions 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.

## **LAND AUDIT**

Council identified a strategic imperative to conduct a land audit of all municipal owned properties, including land and buildings, within the BCMM. The primary aim of this audit is to provide the BCMM with updated, accurate, reliable, and verified information on buildings and land parcels. This information is crucial for making decisions regarding land management and verification. The audit will involve a physical inspection of each property to determine its use, whether it is vacant, improved, or invaded.

The service provider for the land audit was appointed in February 2020, and the project proceeded through five phases:

Phase 1: Data Collection



Phase 2: Integration of Property Asset Register, Valuation Integration, Zoning Integration, and Lease Integration

Phase 3: Cadastral verification, Ownership Verification, and Building Footprint Capturing

Phase 4: Field verification

Phase 5: Integrated Spatial Database and Final Land Audit Report.

The land audit has been successfully concluded, and a close-out report was submitted to the Council on 27 October 2021, for adoption and approval. Additionally, a workshop was conducted for Councillors and Traditional Leaders to discuss the outcomes and findings of the audit.

### **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 BCM in this regard are effectively managed;
- To ensure that the health, safety, and security objectives are met;
- To ensure that BCM has the necessary information for monitoring the maintenance.

**The Contracts and Planning Branch** is tasked with overseeing Building Maintenance Project Management programmes, encompassing work funded by CAPEX votes, with some activities falling under Operating and OPEX votes.

The work covers the following functional maintenance areas:

- Planned Maintenance
- Deferred Maintenance

The sections within the Contracts and Planning Branch are as follows:

- Electrical and Air-conditioning Works Section
- Informal and Quotations Works Section
- Emergency Works Section

- Formal Tenders Works Section

- **Procurement:** This section is responsible for the procurement of contractors and consultants, following BCMM procurement processes in accordance with SCM guidelines.
- **Construction Management:** This section ensures that maintenance projects are executed to a high standard and managed in compliance with the various Acts and Regulations governing the construction industry.
- **Contract Management:** This section ensures that maintenance projects and consultants are managed in accordance with the agreement, and it oversees the fulfilment of contractual obligations by all parties involved.
- **Financial Management:** This section ensures that maintenance projects are executed within budget constraints, preventing over-expenditure. It also handles reporting on expenditure.

The Building Maintenance Contracts Branch executed the following CAPEX projects in BCMM Wards:

The **Operations Branch** is responsible for all minor building maintenance works on the Operating and Capital cost centres. Emergency and minor maintenance works are conducted either internally through in-house workshop sections or through annual tenders.

The workshop sections are as follows:

- Term Maintenance
- Emergency Maintenance
- Housing Maintenance
- Electrical and Air-conditioning Maintenance
- Inland Building Maintenance
- Coastal Building Maintenance

The **Administration Branch** supervises the administration of the division, which encompasses the BMS database, works orders, data capturing, sub-stores, and all finances related to Building Maintenance Services (BMS).

Refurbishment, renewal, and maintenance of buildings are critical components for the proper management of physical assets, overall Property Management, and to meet statutory requirements.

**Budgets for the Property Management Department for 2022/2023**

- Building & Facilities Maintenance R13 255 068
- Electrical Equipment R500 000
- Capex Building Major Maintenance and Refurbishment R656 133
- Capex Land Acquisition R17 000 000
- Operating Projects R3 200 000

BCMM is committed to the principles of good governance and recognises the significance of taking calculated risks to achieve the City's objectives. In order to ensure effective risk management, the City has established a dedicated Risk Management Unit. This unit is responsible for implementing various risk management initiatives, with the goal of enhancing the level of risk maturity and integrating risk management practices into the Municipality's day-to-day operations.

**T3.28.1**

**SERVICE STATISTICS FOR PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES**

**THE SERVICE STATISTICS FOR THE PROPERTY MANAGEMENT DEPARTMENT ARE TOTALLED AS FOLLOWS:**

**Table 164: How stats for the Property Management Department are totalled**

Items	2022/2023
Acquisitions	4
Registered properties under the state discount scheme	100

Land invasions	4
External quotations and emergency works	98
Internal minor and emergency works	1 203
Contracts and planned works	14
Planning, specification, site, progress, snag, payment, and final inspections related to the BMS in line with Construction Industry Development Board (CIDB) regulations.	2 630
Jobs created by Building Maintenance in relation to maintenance works completed	203
Annual tenders	6

**T3.28.2**

**Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken**

<b>Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP</b>									
<b>Service Objectives</b>	<b>Outline Service Targets</b>	<b>2020/21</b>		<b>2021/22</b>			<b>2022/23</b>		
		<b>Target</b>	<b>Actual</b>	<b>Target</b>		<b>Actual</b>	<b>Target</b>		
<i>Service Indicators</i>		<b>*Previous Year</b>		<b>*Previous Year</b>	<b>*Current Year</b>		<b>*Current Year</b>	<b>*Current Year</b>	<b>*Following Year</b>
<b>(i)</b>		<b>(iii)</b>	<b>(iv)</b>	<b>(v)</b>	<b>(vi)</b>	<b>(vii)</b>	<b>(viii)</b>	<b>(ix)</b>	<b>(x)</b>
<b>Service Objective xxx</b>									
Number of land parcels acquired by Council for Mixed Use Integration Zone and Densification (public and privately owned).	Land parcels acquired	4	1	4	4	4	4	4	4
Number of BCMM owned buildings upgraded	Upgrading of BCMM owned buildings	12	12	12	12	12	12	12	12
									<b>T 3.28.3</b>

**NOTE: THE TABLES BELOW DO NOT REFLECT IN THE ANNUAL REPORT; HOWEVER, THEY HAVE TO BE INCLUDED TO ALIGN WITH TABLE 4.1**

**Table 165: Employees: Municipal manager**

<b>Employees: Municipal Manager</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	7	9	6	3	33,3%
4 – 6	15	18	14	5	22,2%
7 – 9	11	14	12	3	14,2%
10 – 12	12	12	10	2	16,6%
13 – 15	11	11	10	1	9,0%
16 – 18	8	11	9	2	27.218.1%
19 – 20	3	4	4	0	0%
<b>Total</b>	<b>67</b>	<b>79</b>	<b>65</b>	<b>16</b>	<b>17,7%</b>

*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.*

**T3.28.4 (a)**

**T3.28.4 (a)**

**Table 166: Employees: Mechanical services**

<b>Employees: Mechanical Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	7	7	7	0	0%
4 – 6	28	28	24	4	14,2%
7 – 9	13	16	13	3	18,7%
10 – 12	20	30	21	9	30%
13 – 15	4	2	2	0	0%
16 – 18	1	1	1	0	0%
19 – 20	1	1	1	0	0%
<b>Total</b>	<b>74</b>	<b>85</b>	<b>69</b>	<b>16</b>	<b>18,8%</b>

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. T3.28.4 (b)

**Table 167: Employees: Property, legal, risk management, and procurement services**

<b>Employees: Property; Legal; Risk Management; and Procurement Services</b>					
<b>Job Level</b>	<b>Year 2021/2022</b>	<b>Year 2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	9	11	9	2	18,1%
4 – 6	27	40	30	10	25%
7 – 9	27	31	27	4	12,9%
10 – 12	10	10	7	3	30%
13 – 15	5	9	6	3	33,3%
16 – 18	7	11	8	3	27,2%
19 – 20	2	2	2	0	0%
Total	87	114	89	25	21,9%

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 (1061 3031 3071).

T 3.28.4 ©

**Table 168: Financial Performance 2022/2023: Property, legal, risk management and procurement services**

<b>Financial Performance 2022/2023: Property, Legal, Risk Management and Procurement Services</b>					
<b>R'000</b>					
<b>Details</b>	<b>2021/2022</b>	<b>2022/2023</b>			
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Variance to Budget</b>
<b>Total Operational Revenue</b>	<b>8 050</b>	<b>11 723</b>	<b>10 415</b>	<b>18 144</b>	<b>35%</b>
Expenditure:					
Employees	36 007	69 354	38 990	38 990	-78%
Repairs and Maintenance	14 428	15 129	18 497	17 708	15%
Other	161 586	87 514	102 858	172 865	49%
<b>Total Operational Expenditure</b>	<b>212 022</b>	<b>171 997</b>	<b>160 345</b>	<b>229 564</b>	<b>25%</b>
<b>Net Operational Expenditure</b>	<b>203 972</b>	<b>160 273</b>	<b>149 930</b>	<b>211 419</b>	<b>24%</b>
<i>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.</i>					
<i>T 3.28.5</i>					

**Table 169: Capital Expenditure 2022/2023: Property, legal, risk management, and procurement services**

<b>Capital Expenditure 2022/2023: Property, Legal, Risk Management, and Procurement Services</b>					
<b>R' 000</b>					
<b>Capital Projects</b>	<b>2022/2023</b>				
	<b>Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>Variance from original budget</b>	<b>Total Project Value</b>
<b>Total All</b>	<b>22 000</b>	<b>20 294</b>	<b>20 294</b>	<b>-8%</b>	
BUXTON, ELECTRICITY HOUSE AND RESERVE BANK REFURBISHMENT	2 000	1 985	1 985	-1%	0
ORIENT THEATRE REFURBISHMENT	1 500	1 111	1 111	-35%	1 500
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT	1 000	999	999	0%	999
UPGRADING OF ELECTRICAL – OLD MUTUAL	500	494	494	-1%	494
REFURBISHMENT OF BUXTON, ELECTRICITY HOUSE, RESERVE BANK & OTHER MUNICIPAL BUILDINGS c/o	–	1 790	1 790	100%	4 089



LAND ACQUISITION & BUILDINGS	2 000	1 219	1 219	-64%	1 219
LAND ACQUISITION	15 000	12 695	12 695	-18%	23 365
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					<i>T 3.28.6</i>

**COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:**

The department has performed exceptional well in areas of refurbishment, renewal and maintenance of Buildings and Land acquisition; and the performance highlights are outlined below:

- Portion 1 of Farm 623(Mason Jones) for formalization of Masibulele Township-Subdivisions .
- Portion 41 of Farm 807 East London for Human Settlement purposes.
- Erven 9959 and 9986 Unit 3 situated in the Sonwabiso informal settlement) was acquired to formalize township and do in situ upgrading of the informal settlement.
- A milestone has been achieved in that the Land Audit was completed for the BCMM to have 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.
- To prevent and to mitigate vandalism and break-ins into municipal buildings the Department has fenced the following Administration Buildings, Bisho Civic Centre and Sleeper site, and will continue fencing other buildings in the outer years.

**T3.28.7**

## COMPONENT J: MISCELLANEOUS

### INTRODUCTION TO MISCELLANEOUS

#### 1. Zoning transgressions

The BCMM has filed several cases against property owners who are conducting business in areas that are zoned for residential purposes. A new trend that has emerged in the 2022/2023 financial year is the establishment of metal scrap yard operations in residential areas.

#### 2. Major billing and credit control cases

The BCMM frequently finds itself facing urgent court applications seeking various forms of relief, particularly in cases involving electricity blockages. In this category, applicants complain that they are unable to purchase electricity due to actions taken by the BCMM officials without providing prior notice of disconnection, as required by the Electricity By-Laws. According to Clause 6 of the By-Law, the consumer must be given a notice that allows them 14 days to resolve the situation or make arrangements with the Municipality. This notice should be delivered through personal service or registered post.

The challenge lies in the service by registered post. The Municipality is required to wait for the specified period mentioned in the notice before disconnecting or blocking the electricity supply for that consumer. The number of such cases exceeded 400 in the 2022/2023 financial year.

**T3.29.0**

**Table 170: By-laws**

<b>BY-LAWS OBTAINED FROM THE LAW LIBRARY WEBSITE AND NOT FROM BCMM</b>			
<b>NO</b>	<b>BY-LAW</b>	<b>EFFECTIVE DATE</b>	<b>REVIEW DATE</b>
1	Advertising signs and the disfigurement of the front or Frontages of streets by-law, 2010	Gazette 2279 on 10 February 2010	Not under review
2	Credit control by-law, 2014	Gazette 3230 on 28 July 2014	Reviewed in 2022/2023
3	Electricity supply by-law, 2009	Gazette 2245 on 10 December 2009	Reviewed in 2022/2023
4	Environmental health by-law, 2010	Gazette 2459 on 22 October 2010	Not under review
5	Indigent support by-law, 2014	Gazette 3230 on 28 July 2014	Not under review
6	Liquor trading hours by-law, 2013	Gazette 3093 on 17 December 2013	Not under review
7	Municipal water services by-law, 2010	Gazette 2532 on 22 March 2011	Not under review
8	Noise by-law, 2010	Gazette 2459 on 22 October 2010	Not under review
9	Parking meter by-law, 2018	Gazette 4026 on 9 April 2018	Not under review
10	Property rates by-law, 2014	Gazette 3230 on 28 July 2014	Not under review
11	Rates by-law, 2009	Gazette 2141 on 29 June 2009	Not under review
12	Roads and streets by-law, 2011	Gazette 2519 on 14 February 2011	Not under review
13	Spatial planning and land use management by-law, 2016	Gazette 3709 on 18 July 2016	Not under review

## **COMMENTS ON BY-LAWS**

The BCMM's standing rules and orders for the meetings of the council and committees of BCMM (as approved by council in terms of resolution BCMC 763/22 of December 2022 were published in the Provincial Government Notice 603 of 2023 on the 2 June 2023.

This is the only by-law that was successfully reviewed and gazetted in the 2022/2023 financial year.

The following by-laws review process has not been completed:

1. Car wash by-law
2. Initiation and circumcision by-law
3. Credit control by-law
4. Electricity by-law

**T 29.1.1**



# **BCMM 2022–2023 ANNUAL REPORT**

**COMPONENT K: ORGANISATIONAL  
PERFORMANCE SCORECARD**

**2022/2023**





**BUFFALO CITY METROPOLITAN MUNICIPALITY ANNUAL PERFORMANCE REPORT : 2022/2023 FINANCIAL YEAR**






CITY MANAGER: MR M. YAWA

KFA NO.	National Treasury Reference/BCMM Code	Key Performance Indicator	Project	Baseline (Annual Performance 2021/2022)	Annual target for 2021/2022	Actual Annual Performance for 2021/2022	Annual target for 2022/2023	Actual Annual Performance for 2022/2023	Portfolio of evidence	Reason for deviation	Corrective measures	Achievement levels	Responsible Directorate
<b>STRATEGIC OUTCOME 1: INNOVATIVE AND PRODUCTIVE CITY</b>													
<b>NATIONAL PRESCRIBED INDICATOR</b>													
KFA2	LED 3.11	Average time taken to finalise business license applications	BCMM Business Licence process	8 working days	15 working days	8 working days	15 working days	Q1 = 8 Q2 = 6.5 Q3 = 5.94 Q4 = 5.4 Working Days	Quarterly report	N/A	N/A		Directorate: Economic Development and Agencies
KFA 11	FD 1.11	Percentage compliance with the required attendance time for structural firefighting incidents (formal & informal)	Fire Incidents Response Times	35,36% (690 in total, 244 were attended to within required attendance time during 2021/2022)	75% of calls responded to within required attendance time for all categories of structural firefighting incidents	35,36% (690 in total, 244 were attended to within required attendance time during 2021/2022)	75% of calls responded to within required attendance time for all categories of structural firefighting incidents	46% (673 reported incidents and 310 responded in time) (Q1 = 45% (180 reported and 81 responded to) Q2 = 50% (148 reported and 74 responded to) Q3 = 41% (139 reported and 57 responded to) Q4 = 48% (206 reported and 98 responded to))	News of The Day (Incident Reports) extracted from the Emergency Service System (ESS) - Fire Call Logging System, Occurrence Book printouts	This indicator is a cross-cutting indicator in that it relies on several factors to capacitate Fire & Rescue Services to attempt to meet target.  Such factors include: •Roadworks & condition of roads – detours, potholes create navigational challenges and delays in response times •Speedhumps – certain roads not within BCMM jurisdiction (provincial roads) have speedhumps which hamper/reduce the speed travelled by Fire Engines in responding to fire calls •Volume of traffic – major roadwork construction on arterial routes creates navigational challenges and delays in response times. 4. Absence of designated Emergency Lane – create navigational challenges.	Corrective measures undertaken by this Directorate in addressing cross/cutting factors are as follows:  In addressing factors 1-4, Fire & Rescue Services have set up an Advisory Committee with various internal departmental stakeholders to ascertain operational assistance that can be offered to Fire & Rescue Services in terms of this indicator. Following poor attendance at the Advisory Forum Meeting held 30th March 2023, Memoranda were sent out by the Office of the GM: Emergency Services on 13 April 2023 to the GM's of the various inter-departmental stakeholders to address the issue of ongoing poor attendance at these Fire & Rescue Advisory Forum Meetings.  Despite this, the Fire and Rescue Advisory Forum Meeting scheduled for 28th June 2023 was once again poorly		Directorate: Public Safety and Emergency Services
KFA5	LED 1.21	Number of work opportunities created by the municipality through Public Employment Programmes (Incl. EPWP, CWP and other related employment programmes)	EPWP	6006	5630	6006	5621	2588	Employment contracts	The underachievement was as a result of system migration at a national level where the system migrated from version 1 to 2. This resulted to technical problems in terms of validation of data and projects captured. The new version could not validate data and projects captured. Also, data capturers were not capacitated on the new version as a result they could not operate effectively and efficiently.	During 2023/2024 financial year, there is a new system administrator that has been appointed at national level that is responsible for validation of data and projects to ensure validity and accuracy in terms of reporting. Also, in collaboration with the national office, training of data capturers is going to be organised during the first two quarters of 2023/2024 financial year to capacitate all data capturers at BCMM.		City Manager's Office (EPWP)
<b>BCMM INDICATORS</b>													
KFA 5	IPC 22	Number of bursaries awarded	Bursaries Non - Employee	50 Bursaries Awarded	50 Bursaries Awarded	50 Bursaries Awarded	50 Bursaries Awarded	67 Bursaries Awarded	Bursary Fund Award letters	The over achievement was due to increase on the number of applications received from the disadvantaged beneficiaries who shown interest on scarce skills discipline.	An assessment will be undertaken in Quarter 4 to determine the approach in managing the increase on the number of prospective applicants annually.		Directorate: Executive Support Services
KFA 5	IPC 5	Number of direct and indirect job opportunities created through Economic Development Projects, initiatives and partnerships	LED initiatives, Projects and partnerships	857	800	857	600	741	List with ID numbers	There were more job opportunities implemented through projects and partnerships than anticipated this financial year.	N/A		Directorate: Economic Development and Agencies
KFA 8	IPC 21	Number of sport development programmes supported	Sport Development	3 (Coaching Sessions)	3 (Coaching Sessions)	3 (Coaching Sessions)	3 (Sports Development courses)	3 (Sports Development courses)	Photos, invoices and attendance registers	N/A	N/A		Directorate: Sport, Recreation and Community Development

KFA5	IPC60	Number of youth development programmes supported	N/A	New Indicator	New Indicator	New Indicator	4 Youth development programmes	4 Youth development programmes	Newsflash and attendance registers	N/A	N/A		Directorate: Executive Support Services
KFA 2	IPC8	Number of interventions supported to retain existing investors and promote attraction of new investment into Buffalo City	Invest Buffalo City, Dimbaza Industrial area, investment promotion collateral for the investment centre	3 (1) Revitalisation of Industrial Park, (2) Invest Buffalo City, (3) Support for Provincial one stop shop).	3 (1) Revitalisation of Industrial Park, (2) Invest Buffalo City, (3) Support for Provincial one stop shop).	3 (1) Revitalisation of Industrial Park, (2) Invest Buffalo City, (3) Support for Provincial one stop shop).	3 (Revitalization of Industrial park (Dimbaza) , Development of a concept document for Wilsonia Industrial Park & Invest Buffalo City)	3 (Revitalization of Industrial park (Dimbaza) , Development of a concept document for Wilsonia Industrial Park & Invest Buffalo City)	Quarterly reports, Copy of concept document for Wilsonia Industrial Park	N/A	N/A		Directorate: Economic Development and Agencies
KFA 1	IPC3	Number of infrastructure projects for informal traders implemented	Infrastructure Project Implemented for informal traders	1 (Nompumelelo Hawker Stalls)	2 (Duncan Village and Nompumelelo Hawker Stalls)	1 (Nompumelelo Hawker Stalls)	3 (Duncan Village, Ndevana, Iliitha Hawker Stalls)	3 (Duncan Village, Ndevana, Iliitha Hawker Stalls)	Completion Certificate	N/A	N/A		Directorate: Economic Development and Agencies
KFA 1	IPC 4	Number of interventions implemented to support SMMEs and Cooperatives	Training and Procurement of equipment and machinery for SMMEs and Cooperatives	5 (Provision of machinery and equipment, Access to Markets, SMME Roadshows Capacity building programme, Incubation programme)	5 (Provision of machinery and equipment, Access to Markets, SMME Roadshows Capacity building programme, Incubation programme)	5 (Provision of machinery and equipment, Access to Markets, SMME Roadshows Capacity building programme, Incubation programme)	5 (Provision of machinery and equipment, Access to Markets, SMME Roadshows Capacity building programme, Incubation programme)	4 (Access to Markets, SMME Roadshows, Capacity building programme, Incubation programme)	Quarterly reports	N/A	N/A		Directorate: Economic Development and Agencies
KFA 7	IPC6	Number of Arts, Culture and Heritage projects implemented	Arts, Culture and Heritage projects / programmes	9 (Restoration of Bhisop Desmond Tutu, Mdantsane Art Centre Extension and Upgrading approved architectural designs, Fencing of Rharhabe Kingdoms Graves, Fencing of Settlers Way Cemetry, Fencing of Cattle Killing site, Artist Support programme (Bi-Annual) x2, Building of Memorial Stone, Fencing of EL World	9 (Restoration of Bhisop Desmond Tutu, Mdantsane Art Centre Extension and Upgrading approved architectural designs, Fencing of Rharhabe Kingdoms Graves, Fencing of Settlers Way Cemetry, Fencing of Cattle Killing	9 (Restoration of Bhisop Desmond Tutu, Mdantsane Art Centre Extension and Upgrading approved architectural designs, Fencing of Rharhabe Kingdoms Graves, Fencing of Settlers Way Cemetry, Fencing of Cattle Killing site, Artist Support programme (Bi-Annual) x2, Building of Memorial Stone, Fencing of EL World	8 (Appointment of service providers for the construction of Mdantsane Art Centre Extension and Upgrading phase 1, 4 x Quartely Artist Support programme, Building of Memorial Stone x2 (Vuyisile Lawrence Tutu, Happy Boy Mgxaji Memorial stone), Fencing of heritage site (		6 Minutes of the BAC, Artist support quarterly reports	The procurement process for a service provider to do construction work for an extension and upgrade of the Mdantsane Arts Centre phase 1 award is delayed the process is currently at the Bid Evaluation Committee.	Due to delays encountered in the Bid Evaluation Committee, it is anticipated that the contract will be awarded in the 1st quarter of the new financial year 2023/2024.		Directorate: Economic Development and Agencies
KFA 4	IPC7	Number of initiatives (programmes) implemented to market and promote Buffalo City as a tourist destination of choice	Tourism Projects/ Programmes	13 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x 4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x4)	13 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x 4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x4)	13 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x 4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x4)	11 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x 4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x2)	11 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x 4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x2)	Quarterly reports and invoices	N/A	N/A		Directorate: Economic Development and Agencies

KFA 2	IPC9	Number of interventions implemented on export development and promotion for emerging exporters on a quarterly basis	Exporter Sector Specific Training, Trade Seminars, Trade Missions, Global Exporter Passport Programme, Export Symposium, Exporter Development Programme	12 Export Sector Specific Training, Trade Seminars, Trade Missions, Trade Seminars, Trade Missions, Global Exporter Passport Programme, Global Exporter Passport Programme, Export, Exporter Development Programme, Trade Seminars, Trade Missions, Exporter Development	12 Export Sector Specific Training, Trade Seminars, Trade Missions, Trade Seminars, Trade Missions, Global Exporter Passport Programme, Global Exporter Passport Programme, Export, Exporter Development Programme, Export, Exporter Development Programme, Trade Seminars, Trade Missions, Exporter Development	12 Export Sector Specific Training, Trade Seminars, Trade Missions, Trade Seminars, Trade Missions, Global Exporter Passport Programme, Global Exporter Passport Programme, Export, Exporter Development Programme, Trade Seminars, Trade Missions, Exporter Development	14 4 Quarterly Trade missions; Export Symposium & Exhibition; Export Preparations and Regulations Training; 4 Quarterly Emerging Exporter Training; Exporter Development Programme; 3 Quarterly Trade Seminars;	8	Quarterly reports	The training is in collaboration with the department of trade and industry and the role to secure the facilitators is done by Trade and Industry department which delayed the implementation of training programme that was to commence in the 4th quarter.	The department of Trade and Industry has since confirmed appointed a facilitator and that trainings will take place in the 1st Quarter of 2023/24 financial year. Engagements have been held with the Dtic and the confirmation for trainings to be held this quarter have been concluded.		Directorate: Economic Development and Agencies
KFA 6	IPC11 (a)	Number of Agricultural Famer support programmes implemented	Cropping Programme, Food security, Hydroponics programme, Piggery and Poultry Structure, Fencing of erable land, Agri-Village, Urban Food systems, Live stock improvement and Tractor maintenance	6 (Food security, Hydroponics X2, Fencing, Piggery Structure, Production inputs)	6 (Food security, Hydroponics X2, Fencing, Piggery Structure, Production inputs)	6 (Food security, Hydroponics X2, Fencing, Piggery Structure, Production inputs)	7 Cropping Programme, Food security, Hydroponics programme, Piggery and Poultry Structure, Fencing of erable land, Agri-Village, Urban Food systems.	5	Quarterly reports, completion certificates	The project: Hydroponics (Mbekweni), could not be achieved during the fourth quarter the project is 60% complete and due to delays in the steel structure material deliveries.	Remedial action project will be completed in the 1st quarter of the new financial year 2023/2024 a roll-over of funds will be requested.		Directorate: Economic Development and Agencies
KFA 12	IPC20	% Reduction in road traffic fatalities on BCMM roads	Reduction in road fatalities on BCMM roads	2,85%	5% reduction	2,85%	5% reduction	3,19% reduction	SAPS statistics & Hazloc ops plan	The joint efforts between local authorities, other stakeholders and special operations enforced during the period of April to June, has resulted in a reduction in road fatalities. The total number fatalities recorded for the period of 01 April 2023 to 30 June 2023 is 36 a total % reduction of 0.75% (actual 36 x 1.25%Q target=60= 0.75%).	N/A		Directorate: Public Safety and Emergency Services
KFA 11	IPC 19	Number of Areas covered by surveillance cameras	Roll out of CCTV cameras in BCMM	0	1 Area (Phase 2 - KWT New Traffic Department)	0	1 (KWT New Traffic Department)	0	Progress spreadsheet from SCM & copies of follow-up emails with SCM	The multi-year contract for CCTV CE 335 expired on the 28 February 2022. The new contract CE 507 for Closed Circuit Television is to be considered by BSC. No contract for roll-out of CCTV currently in place.	The department is to liaise urgently with SCM & BSC Committee 1 to fast-track the process of Contract CE 507 proceeding through the Committee's AHOD & GM PS to meet with the CM & GM SCM by the 31 July 2023 to discuss how to fast-track the specifications through BCS Committee 1		Directorate: Public Safety and Emergency Services
KFA 11	FE1.1/IPC 2	Number of fire stations refurbished	Refurbishment of Fire Stations	1 ((one) fire station refurbished: MDANTSANE FIRE STATION – roof refurbished)	3 Fire Stations Refurbished (Gompo, Fleet Street & Mdantsane)	1 ((one) fire station refurbished: MDANTSANE FIRE STATION – roof refurbished)	1 (Fleet Street Fire Station- Refurbishment of Engine Bay Doors)	1 (Fleet Street Station) -Supply, Installation and Electrical Upgrading for x2 new Engine Bay doors and Repairs to x3 existing Engine Bay Doors under Annual Contract 168.	Requisitions, Orders, Invoices, Completion Certificates	N/A	N/A		Directorate: Public Safety and Emergency Services
KFA10	HS 3.2/IPC18	Milestones achieved towards upgrading of King Williams Town War Memorial Hall	Community Halls upgrade	4 (Berlin Town Hall, War Memorial Hall, Roji Skenjana hall, Carnegie Hall )	4 (Berlin Town Hall, War Memorial Hall, Roji Skenjana hall, Carnegie Hall )	4 (Berlin Town Hall, War Memorial Hall, Roji Skenjana hall, Carnegie Hall )	Plumbing and related works, fitting/installation of aluminium windows and flooring works	Refurbishment of War Memorial Hall – 1. Fitting or installation of aluminium windows and 2. New flooring works done	Photos, invoices, and completion certificate	N/A	N/A		Directorate: Sport, Recreation and Community Development



KFA9	HS 3.1/PC16	Number of Swimming Pools upgraded	Upgrading of swimming pools	1 (Joan Harisson Swimming Pool)	3 ( King Williams Town, Joan Harrison, Mdantsane NU 2 Swimming Pool)	1 (Joan Harisson Swimming Pool)	4 (Joan Harrison Swimming Pool, Orient Pool, Zwelitsha pool and Mdantsane NU 2 swimming pool)	3 (Fencing of front Joan Harrison Swimming Pool completed. Installation of pumps and motors at Joan Harrison Pool. Refurbishment of ablutions and refurbishment of shading area and chemical room roof at Orient Swimming Pool. Supply and delivery of Wendy House at Zwelitsha Swimming Pool.I23:L26K71I22:	Photos, Invoices and completion certificate	N/A	N/A		Directorate: Sport, Recreation and Community Development
KFA9	HS 3.1/PC14	Number of Zoo facilities upgraded	Upgrading of Zoo Facilities	1( Jaguar enclosure completed)	1( Jaguar enclosure)	1( Jaguar enclosure completed)	1 (Zoo facility)	1 (Zoo facility)	Invoice Photos and completion certificate	N/A	N/A		Directorate: Sport, Recreation and Community Development
KFA4	IPC13	Number of Aquarium facilities upgraded	Refurbishment of Aquarium	0	1 (live animal exhibit)	0	1 (refurbish live animal exhibit)	0	N/A	The contractor appointed and on site was not able to complete the project in time	Committed funding will be rolled over so work can resume and be completed		Directorate: Sport, Recreation and Community
KPA28	IPC 50	Number of Resorts Upgraded	Upgrading of Resorts Facilities	New indicator	New indicator	New Indicator	2 ( Gonubie Resort and Nahoon Caravan Park)	2 ( Gonubie Resort and Nahoon Caravan Park)	Photos, Invoice and internal completion certificate	N/A	N/A		Directorate: Sport, Recreation and Community
KFA9	HS 3.4/PC12	Number of sports facilities upgraded	Upgrading of Sports facilities	3 (Westbank sportsfield, Bunkers Hill softball stadium, Selborne Tennis complex	3 (Westbank sportsfield, Bunkers Hill softball stadium, Selborne Tennis complex	3 (Westbank sportsfield, Bunkers Hill softball stadium, Selborne Tennis complex	2 (Bunkershill Sportsfield, Philip Kahts Stadium)	0	Photos and invoices	N/A	N/A		Directorate: Sport, Recreation and Community Development

STRATEGIC OUTCOME 2: A GREEN CITY

NATIONAL PRESCRIBED INDICATORS






KFA18	ENV 3.11	Percentage of known informal settlements receiving integrated waste handling services	Waste handling	100%	100%	100%	100%	100% of known informal settlements receiving basic refuse removal services	List of known informal settlements that received basic refuse removal services (Signed and date of collection)	N/A	N/A		Directorate: Solid Waste and Environmental Management
KFA18	ENV 5.11	Percentage of coastline with protection measures in place	N/A	73.2%	72%	73.2%	72% of coastline with protection measures in place	73.1% of coastline with protection measures in place	· Spatial Map: Coastal protected areas · CMP document (2015)	The target is informed by the overall 82 km of BCMM coastline and 60km of the coastline which has protection measures in place, therefore based on the calculation guided by the formula of the indicator 73.1% has been attained instead of 72%.	N/A		Directorate: Solid Waste and Environmental Management
KFA18	ENV 5.12	Number of coastal water samples taken for monitoring purposes	Water Quality Monitoring	817 water samples taken & analysed	400 water samples taken & analysed	817 water samples taken & analysed	400 coastal water samples taken for monitoring purposes	716 water samples taken for monitoring purposes	Laboratory reports (NHLS Excel Customer Detailed Schedule)	During the April, the Lab was not taking samples due to unavailability of consumables. In June, the Lab was also not taking Microbiological samples due to Cholera backlog in the Gauteng Province.	The NHLS Infection Control Services at Charlotte Maxeke Johannesburg Academic Hospital has resumed the testing of routine water samples therefore performance will improve in the next quarter.		Directorate: Solid Waste and Environmental Management
KFA18	ENV 5.21	Number of inland water samples tested for monitoring purposes	Water Quality Monitoring	469 water samples taken & analysed	400 water samples taken & analysed	469 water samples taken & analysed	400 inland water samples taken for monitoring purposes	438 water samples taken for monitoring purposes	Laboratory reports (NHLS Excel Customer Detailed Schedule)	During the April, the Lab was not taking samples due to unavailability of consumables. In June, the Lab was also not taking Microbiological samples due to Cholera backlog in the Gauteng Province.	The NHLS Infection Control Services at Charlotte Maxeke Johannesburg Academic Hospital has resumed the testing of routine water samples therefore performance will improve in the next quarter.		Directorate: Solid Waste and Environmental Management
KFA16	ENV4.21	Percentage of biodiversity priority areas protected	N/A	69%	48.85%	69%	48.85% of biodiversity priority areas protected	51.57% of biodiversity priority areas protected	Spatial Maps	The inclusion of protected nature reserves and estuaries resulted in increased extent of the biodiversity priority areas protected by 2.72%	N/A		Directorate: Solid Waste and Environmental Management
KFA16	ENV4.11	Percentage of biodiversity priority area within the metro	N/A	3,8%	2,6%	3,8%	2,6% of biodiversity priority area within the metro	3,8%	Spatial Maps	The addition of Nature reserves and estuaries have increased extent of biodiversity priority areas protected thus affecting the overall percentage of biodiversity priority area within the metro.	N/A		Directorate: Solid Waste and Environmental Management
KFA14	ENV1.12	Percentage of Air Quality (AQ) monitoring stations providing adequate data over a reporting year	Air Monitoring Stations	42% Total Average per annum - (Q1 – 54,87% Q2 – 46% Q3 – 24% Q4 – 42,57%)	75% Air Quality Stations(East London, Zwelitsha & Gompo Clinic)	42% Total Average per annum - (Q1 – 54,87% Q2 – 46% Q3 – 24% Q4 – 42,57%)	75% Air Quality Stations(East London, Zwelitsha & Gompo Clinic)	26.67% average functionality of Air Quality Monitoring Stations  (East London 0%, Zwelitsha 0%, and Gompo 80%)	Functionality print out from one operational station including a graph.	East London station The station is not operational due to the following: -The Sample inlet fan is damaged. -The Meteorological equipment is damaged due to the vandalism. -The data logger is malfunctioning. Zwelitsha station The station is not operational due to the following: -The Temperature /Relative Humidity sensor is damaged. -The data logger is malfunctioning. -Power supply disruption due to Load shedding affects the functionality of the station.	East London station The directorate will facilitate procurement and installation of the following instruments: -Replace Sample inlet fan by 30 June 2024. -Replace Meteorological instruments by 30 June 2024. -Facilitate procurement of electric fencing in all the three (3) Monitoring stations to curb the vandalism challenge by 30th December 2023 -Replace Data Logger by 30 June 2024. Zwelitsha station The directorate will facilitate procurement and installation of the following instruments: -Replace the Temperature /Relative Humidity sensor by 30 June 2024. -Replace Data Logger by 30 June 2024. Provision of uninterruptible Power Supply (Solar Panels) by 30 June 2024.		Directorate: Solid Waste and Environmental Management

BCMM INDICATORS

KFA18	GC 101	Number of Tons of recyclables diverted from Landfills to Buy-Back Centres	Implementation of waste diversion initiatives	New Indicator	20 Tons of recyclables diverted	61 171.15 Tons of recyclables have been diverted	80 Tons of recyclables diverted from Landfills to Buy-Back Centres	466.8 tons of recyclables diverted from Landfills to buy back centres	Buyback Centre Data of Recyclables; Operational Report	Tons of recyclables diverted exceeded the target for the quarter due to frequent awareness campaigns that are conducted on waste management including recycling which encourages the public to participate in the recycling activities.	N/A		Directorate: Solid Waste and Environmental Management
KFA18	GC 102	Number of Waste Diversion Buy-Back Centres Established	Establishment of Waste Diversion Buy-Back Centres	New Indicator	4 Buyback centres established (Two (2) at Coastal, One (1) at Midland; One (1) at Inland)	2 Buy back centres have been established in the Coastal region i.e. Southernwood and East London CBD.	4 Waste Diversion Buyback centres established - One (1) at Midland; One (1) at Inland, Two (2) at Coastal regions	4 (Waste Diversion Buyback centres established at Coastal and Midland)	Report; Dated Pictures	N/A	N/A		Directorate: Solid Waste and Environmental Management

	ENV 5.21 (a)	Number of Midland water samples tested for monitoring purposes	Water Quality Monitoring				200 Midland water samples taken for monitoring purposes	223 Midland water samples taken for monitoring purposes	Laboratory reports (NHLS Excel Customer Detailed Schedule)	N/A	N/A		Directorate: Solid Waste and Environmental Management
KFA15	GC 10	Number of Community Parks Upgraded	Upgrading and Development of Community Parks	0	2 (Coastal - Ward 45 Midland - Ward 3)	2 (Coastal-Palisade fencing erected at St Georges Play Park and Midland - Floodlights installed at Berlin Park)	2 (Wards 3 & 45)	2 (Coastal - Ward 45 Midland - Ward 3)	Photos before and after, copies invoice and completion certificate	N/A	N/A		Directorate: Sport, Recreation and Community Development
<b>STRATEGIC OUTCOME 3: A CONNECTED CITY</b>													
<b>NATIONAL PRESCRIBED INDICATORS</b>													
KFA22	EE1.11	Number of dwellings provided with connections to the mains electricity supply by the municipality	Electrification of formal and informal dwellings	643	780	643	400	343	Spreadsheet with the connections	Incomplete houses delivered and Illegal occupation by members of community in that area	Set lower target only occupied dwellings		Directorate: Infrastructure Services
KFA22	EE3.11	Percentage of unplanned outages that are restored to supply within industry standard timeframes	Operations	100% of normal network outages returned to service within 24 hrs ( will exclude calls caused by illegal connections)	100% of normal network outages returned to service within 24 hrs ( will exclude calls caused by illegal connections)	100% of normal network outages returned to service within 24 hrs ( will exclude calls caused by illegal connections)	100%	86%	Log sheets from control centre with calculations	N/A	N/A		Directorate: Infrastructure Services
KFA22	EE3.21	Percentage of Planned Maintenance Performed	Operations	84,8%	Complete 70% of planned maintenance	84,8%	70%	Q1 = 100% Q2 = 100% Q3 = 80,55% Q4 = 70%	Maintanance schedule with calculations	N/A	N/A		Directorate: Infrastructure Services
KFA22	EE1.13	Percentage of valid customer application for new electricity connections processed in terms of municipal service standards	N/A	83%	100%	83%	100%	100%	Excel spreadsheet depicting Description and date of completion	N/A	N/A		Directorate: Infrastructure Services
KFA22	EE4.12	Installed capacity of approved embedded generators on the municipal distribution network	N/A	1750,56 kw	29kw	1750,56 kw	0	4,7MW	Approval letter to Service Provider or Consumer	N/A	N/A		Directorate: Infrastructure Services
KFA19	TR6.11	Percentage of unsurfaced road graded	Rural Roads	5,925% (79,99km)	4,4% (60km)	5,925% (79,99km)	4,48% (60km)	5,33% (69,3km)	Internal reports and Completion certificates	The reported over achievement is due to better-than-expected performance on Regravelling projects due to factors such as: Favourable site conditions, less plant disruption (breakdowns) shorter haul distances.	No actions required, better than expected performance is encouraged to extend service delivery and reach a greater area.		Directorate: Infrastructure Services
KFA19	TR6.12	Percentage of surfaced municipal road lanes which has been resurfaced and resealed	Urban Roads Programme	1,439% (23,024km)	0,9375 (15km)	1,439% (23,024km)	0,9375 (15km)	1,325% (21,199km)	Completion Certificates	There was additional funding on the 3rd quarter. There project was carry-over project from the previous quarter, this is resulted to the over achievement in the 4th quarter.	No actions required; the achievement should align in the 4th quarter. Better than expected performance is encouraged to extend service delivery and reach a greater area.		Directorate: Infrastructure Services
KFA19	TR6.13	KMs of new municipal road network	Urban & Rural Roads Programme	5,930km	1km	5,930km	15km	19,138km	Internal reports and Completion certificates	The reported over achievement is due to the new rural being in the definition, and the rural roads projects being at a more advanced stage of construction, the performance will align in the quarter with the projects currently underway.	No actions required; the achievement should align in the 4th quarter. Better than expected performance is encouraged to extend service delivery and reach a greater area		Directorate: Infrastructure Services

BCMM INDICATORS													
KFA22	EE1.1/CC 20	Number of new high mast lights installed	Streetlights or highmasts within BCMM area of supply	9	9	9	6	6	Completion certificates	N/A	N/A		Directorate: Infrastructure Services
KFA19	TR 6.1/CC6	Km of gravel Roads upgraded to Surfaced Standard	Roads Upgrade	10,363km	6km	10,363km	6km	5,938KM	Consultants progress reports and Completion Certificates	N/A	N/A		Directorate: Infrastructure Services
KFA19	CC19	Number of bridges rehabilitated	Bridge Refurbishment Programme	2	2	2	3	3	Completion Certificates	N/A	N/A		Directorate: Infrastructure Services
KFA 20	CC 1	Number of Backup Power for High Sites installed	Backup Power INFRASTRUCTURE	2	3	2	3 ( SCM Building, Sleeper Site, Old Mutual)	3 ( SCM Building, Sleeper Site, Old Mutual)	Invoice	N/A	N/A		Directorate: Corporate Services
KFA 20	CC 4	Number of municipal offices and halls with Wi-Fi hotspots installed	Fiber Network	3 Halls with wifi hotspots installed	4 Halls with wifi hotspots	3 Halls with wifi hotspots installed	1 (KWT Library Hall)	1 (KWT Library Hall)	Invoice/ Delivery note/ Photo report	N/A	N/A		Directorate: Corporate Services
KFA 20	CC 7	Number of BCMM halls and offices with Fibre Network installed	Fiber Network	1 Hall with Fibre Network installed (Ilitha hall)	1 Hall with Fibre Network (Ilitha hall)	1 Hall with Fibre Network (Ilitha hall)	2 (KWT Library Hall and Bisho Civic Center)	1 (KWT Library Hall)	Invoice/ Delivery note/ Photo report	Delayed Procurement process	Order has been generated after interventions		Directorate: Corporate Services
KFA 21	TR7.1/CC 11	Number of speed humps constructed	Construction of traffic calming measures	43 speed humps	40 speed humps	43 speed humps	60	74	Internal Completion Certificate	Actual performance for Quarter 1 and Quarter 2 did not require any midyear adjustment to be made hence the annual target remained the same at 60. Quarter 1 target was 10 actual achieved was 11, Quarter 2 target was 25 actual achieved was 31. By end of Quarter 3 target of 47 and actual achieved were aligned, which confirmed the projection of 60 by end of Quarter 4. However, the actual achievement for Quarter 4 was 32 versus the target of 13. The Annual target was 60 versus the actual achievement of 74. The contractors performed beyond expectations.	N/A		Directorate: Spatial Planning and Development
KFA 21	TR1.1/CC 15	Number of public transport facilities rehabilitated	Upgrading of Public Transport Facilities	0	1 (Ward 37-Market Square Taxi Rank)	0	1 (Ward 37-Market Square Taxi Rank)	1	Completion certificate	N/A	N/A		Directorate: Spatial Planning and Development
KFA 21	TR1.1/CC 14	Number of Taxi Embayments constructed	Construction of Taxi Embayments	3	3	3	2 (Wards 5 and 37)	2	Completion certificate	N/A	N/A		Directorate: Spatial Planning and Development
KFA 20	CC200	Digitilise SCM-Documentation	Immediate scanning of the tender documents at tender opening	New Indicator	New Indicator	New Indicator	Q3 - 20% and Q4 30% of all tenders document forward scanned into EDMS/Sharepoint at the opening of tenders from (2022/2023 FY). (Target Non-cumulative)	Q3= 20% and Q4=30% of all tenders received forward scanned into EDMS /Sharepoint at the opening of tenders	System report/ Copy of Attendance register	N/A	N/A		Directorate: Corporate Services
KFA 20	CC201	Numbers of servers procured for disaster recovery	Disaster recovery Enhancement	New Indicator	New Indicator	New Indicator	2	2	Invoice, screenshots	N/A	N/A		Directorate: Corporate Services

STRATEGIC OUTCOME 4: A SPATIALLY TRANSFORMED CITY													
NATIONAL PRESCRIBED INDICATORS													
KFA23	WS1.11	Number of new sewer connections meeting minimum standards.	No project, depends on applications received from the public, RDP connections provided by Housing Department	312	300	312	300	364	List of sewer water connections done internally or practical completion certificate or project progress report for Housing projects.	This target is dependent on number of RDP houses serviced and the applications from consumers	This indicator is for reporting purposes as it fluctuates depending on the number of applications received from the public which is not within the control of the department.		Directorate: Infrastructure Services
KFA23	WS2.11	Number of new water connections meeting minimum standards.	No project, depends on applications received from the public, RDP connections provided by Housing Department	347	500	347	300	398	List of new water connections done internally or practical completion certificate or project progress report for Housing projects.	Achieved by 13. Target of 300 new water connections meeting minimum standards has been attained in the 2023/2023 financial year. The outcome is influenced by the number of consumers wishing to apply for private connections, installed communal & yard standpipes and planned RDP water installations.	N/A		Directorate: Infrastructure Services
KFA23	WS5.31	Percentage of total water connections metered	N/A	92%	92%	92%	95%	91%	Report from the BP92 file, the reported performance is up to April 2023, the final report will be finalised once all months (May & June) have been received from the Revenue management.	Underachieved by 4%. Target of 95% percentage has not been attained in the 2022/2023 financial year due to the metered Flat Rated consumer accounts that still need to be captured as into the BP92 report by Revenue Management. Reported performance is up to April 2023 as the final BP92 reports for May and June 2023 are not available.	The final Performance report will be revised and provided once the billing information for May and June 2023 becomes available from Revenue Management.		Directorate: Infrastructure Services
KFA25	HS1.11	Number of subsidised housing units constructed using various Human Settlements Programs	Reeston Phase 3 Stage 2 ( 60 units ) Potsdam Village( 135 units ) Mdantsane Cluster 1 ( 50 units ) , Mdantsane Cluster 2 (25 units ) , Mdantsane Zone 18 cc (50 units ) , Peelton Cluster 1 ( 50 units )Total projected number to built in Quarter 3 & 4 is adjusted to 370 housing units.	213	420	213	440	363	Practical completions certificate. Site Layout Plan & construction programme	Both Reeston Phase 3 stage 2 and Mdantsane zone 18 cc including Mdantsane cluster 2 projects had a delay start due to works permit approval by Dept of labour, construction officially started end May 2023 . Peelton project that is under implementation also suffered delays due to slow progress on construction of Public Works Dept access road to site.	Construction work permit are now approved, contractors have commenced with construction on site Public Works has been notified of slow progress in construction of access road to site.		Directorate: Human Settlements
KFA25	HS1.12	Number of serviced sites	Reeston Phase 3 stage 2 ( 100 sites ) CNIP VICTIMS (100 sites ) & Breidbach (139 sites )Total number sites to be installed in the 4th Quarter is 329	322	800	322	629	378	Completion certificates	Reeston Phase 3 stage 2 project had a delay start due to works permit approval by Dept of labour, construction officially started end May 2023 .CNIP Victims Project was terminated following poor performance on site. Breidbach project experienced a delay after sewer line connecting to the site was affected by construction of N2 bridge	Construction on Reeston has now commenced and contractor has submitted a revised construction programme. Tender specification for CNIP Project is now completed, tender advert expected in August 2023. Main sewer line construction has now recommenced		Directorate: Human Settlements











KFA28	HS2.22	Average Number of days taken to process residential building applications of 500 square meters or less	Building Plan approval	Q1 – 124.06 days Q2 – 87.87 days Q3 – 136.35 days Q4 - 141.08 Days  (Annual Average – 122.34 days)	28 Days	Q1 – 124.06 days Q2 – 87.87 days Q3 – 136.35 days Q4 - 141.08 Days  (Annual Average – 122.34 days)	30 days	Q1= 108,45 Q2= 117,96 days. Q3 = 155,34 Q4 = 130,71 (Annual Average of 128,11 days)	BPS Printout and Excel Spreadsheet	Some of the Building Plans have been in the Building Plan System (BPS) since 2010 due to the system being unable to cancel old Building Plans and non-provision of guidelines with respect to cancellation of old Building Plans by the National Building Regulations and Building Standards Act 103 of 1977. All submitted Building Plans are kept in the BPS until approval as cancellation may constitute non-compliance with the provisions of the Act.  The BPS limitations, that is: inability to separate Building Plans (<500m2 and >500m2) as well as inability to reflect the actual date on which the amended Building Plan in compliance with the Act was completed also contributed to the deviation. The System's inability to track and speed up the relevant Departmental requirements and outstanding comments also resulted in non-achievement. The manual system used further contributed to non-tracking/tracing of progress on the Building Plans submitted including direct engagements with applicants concerned with respect to all the required compliance issues for approval.	The institution has acquired an Integrated Business Processing System to replace the dysfunctional Building Plan System and reporting (to produce authentic reports) through the Directorates of Executive Support Services (Geographic Information Systems - GIS), Corporate Services (Information and Communication Technology - ICT) and the City Manager's Enterprise Project Management Office. The ArcGIS for Local Authorities (AFLA) Portal designed by Esri is intended to promote faster turnaround times on town planning and Building Plan online applications. Currently, the Building Plans are separated manually, and data transported to an Excel spreadsheet to calculate average number of days taken to approve Building Plans. Respective Municipal Departments are to take responsibility of ensuring compliance by the applicants on specific Departmental requirements. It is anticipated that the challenges imposed by using the	Directorate: Spatial Planning and Development
KFA28	LED3.13	Average Number of days taken to process building plan applications of more than 500 square meters	Building Plan approval	Q1 – 92,04 days Q2 – 169,90 days Q3 – 255,83 days Q4 - 192.44 Days (Annual Average - 177,55)	58 Days	Q1 – 92,04 days Q2 – 169,90 days Q3 – 255,83 days Q4 - 192.44 Days (Annual Average - 177,55)	60 days	Q1 = 147,22 Q2 = 107,33 days Q3 = 136,19 Q4 = 170,72 (Annual Average is 140,36 days)	BPS Printout and Excel Spreadsheet	Some of the Building Plans have been in the Building Plan System (BPS) since 2021 due to the system being unable to cancel old Building Plans and non-provision of guidelines with respect to cancellation of old Building Plans by the National Building Regulations and Building Standards Act 103 of 1977. All submitted Building Plans are kept in the BPS until approval as cancellation may constitute non-compliance with the provisions of the Act. The BPS limitations, that is: inability to separate Building Plans (<500m2 and >500m2) as well as inability to reflect the actual date on which the amended Building Plan in compliance with the Act was completed also contributed to the deviation. The System's inability to track and speed up the relevant Departmental requirements and outstanding comments also resulted in non-achievement. The manual system used further contributed to non-tracking/tracing of progress on the Building Plans submitted including direct engagements with applicants concerned with respect to all the required compliance issues for approval. Mostly, the deviation was caused by applicants not being promptly	The institution has acquired an Integrated Business Processing System to replace the dysfunctional Building Plan System and reporting (to produce authentic reports) through the Directorates of Executive Support Services (Geographic Information Systems - GIS), Corporate Services (Information and Communication Technology - ICT) and the City Manager's Enterprise Project Management Office. The ArcGIS for Local Authorities (AFLA) Portal designed by Esri is intended to promote faster turnaround times on town planning and Building Plan online applications. Currently, the Building Plans are separated manually, and data transported to an Excel spreadsheet to calculate average number of days taken to approve Building Plans. Respective Municipal Departments are to take responsibility of ensuring compliance by the applicants on specific Departmental requirements. It is anticipated that the challenges imposed by using the	Directorate: Spatial Planning and Development
KFA 28	HS1.13	Hectares of land acquired for human settlements in Priority Housing Development Areas	Hectares of Land Acquired	New Indicator	New Indicator	New Indicator	57.4191 Hectares	21,4632 hectares	GSTEX Confirmation	•Erven 9959 and 9986 Unit acquired from ECDC. Purchase price and transfer costs have been paid to the Conveyancer. All the relevant transfer documents have been signed by both parties. Transfer is at registration stage. •Portion 1 of Farm 623 East London, purchase price and transfer costs have been paid to Conveyancer. The Directorate of Finance is in the process of issuing a Rates Clearance Certificate whereafter the property will be transferred to BCMM. •Acquisition of Portion 23 of Farm 807 East London (Quenera) both parties have signed the Deed of sale. The Seller has appointed a Conveyancer to attend to the transfer of the property. BCMM is in the process of paying purchase price and transfer costs, once paid the Conveyancer will draft transfer documents, both parties to sign. Transfer duty to be issued by SARS and finance to issue Rates Clearance Certificate and effect the transfer.	•BCMM to issue Rates Clearance Certificate whereafter Portion 1 of Farm 623 E.L. can be transferred to BCMM. Purchase price and transfer costs have been paid in full. •Conveyancer to lodge Erven 9959 and 9986 Unit 3 by ECDC with Registrar of Deeds for property to be transferred to BCMM. •Portion 23 of Farm 807 East London (Quenera). once payment has been paid, Conveyancer to draft transfer documents to effect transfer. Transfer duty to be issued by SARS and Rates Clearance certificate to be issued where after transfer will be effected in favour of BCMM.	
<b>BCMM INDICATORS</b>												
KFA23	WS1.1/ST C 2	Number of ablution facilities constructed (seats)	Ablution Facilities	97 (seats)	97 (seats)	97 (seats)	119	127	Internal Completion certificate	The construction of ablutions was met over and above what was planned in the due to a reduction in actual construction costs compared to the original budgeted costs, resulting in the department providing additional ablution facilities from savings made.	The department will refine its preparation of estimates during the planning stages.	Directorate: Infrastructure Services
KFA25	STC 15	Number of beneficiaries registered on NHNR	Registration of Beneficiaries	2024	2024	2024	2 010	2125	Proof of National Housing Needs Register	N/A	N/A	Directorate: Human Settlements

KFA 28	STC 1	Number of land parcels acquired by Council for Mixed Use Integration Zone and Densification (public and privately owned).	Land parcels acquired	2 Land parcels acquired (1. Erf 9582 King Williams Town 2. Portion 12 of Farm 304 East London)	2 Land parcels acquired (1. Erf 9582 King Williams Town 2. Portion 12 of Farm 304 East London)	2 Land parcels acquired (1. Erf 9582 King Williams Town 2. Portion 12 of Farm 304 East London)	5	1	GSTEX Confirmation that the property has been registered under BCMM name.	•Erven 9959 and 9986 Unit acquired from ECDC. Purchase price and transfer costs have been paid to the Conveyancer. All the relevant transfer documents have been signed by both parties. Transfer is at registration stage. •Portion 1 of Farm 623 East London, purchase price and transfer costs have been paid to Conveyancer. The Directorate of Finance is in the process of issuing a Rates Clearance Certificate whereafter the property will be transferred to BCMM. •Acquisition of Portion 23 of Farm 807 East London (Quenera) both parties have signed the Deed of sale. The Seller has appointed a Conveyancer to attend to the transfer of the property. BCMM is in the process of paying purchase price and transfer costs, once paid the Conveyancer will draft transfer documents, both parties to sign. Transfer duty to be issued by SARS and finance to issue Rates Clearance Certificate and effect the transfer.	•BCMM to issue Rates Clearance Certificate whereafter Portion 1 of Farm 623 E.L. can be transferred to BCMM. Purchase price and transfer costs have been paid in full. •Conveyancer to lodge Erven 9959 and 9986 Unit 3 by ECDC with Registrar of Deeds for property to be transferred to BCMM. •Portion 23 of Farm 807 East London (Quenera). once payment has been paid, Conveyancer to draft transfer documents to effect transfer. Transfer duty to be issued by SARS and Rates Clearance certificate to be issued where after transfer will be effected in favour of BCMM.		Directorate: Spatial Planning and Development
KFA 28	STC 9	Number of BCMM owned buildings upgraded	Upgrading of BCMM owned buildings	12	12	12	16	16	internal practical completion certificate	N/A	N/A		Directorate: Spatial Planning and Development
KFA29	STC 3	Number of cemeteries upgraded	Development and Upgrading of Cemeteries	5 (Cambridge Crematorium, Zwelitsha, Phakamisa, Haven Hills & Fort Jackson)	5 (Cambridge Crematorium, Zwelitsha, Phakamisa, Haven Hills & Fort Jackson)	5 (Cambridge Crematorium, Zwelitsha, Phakamisa, Haven Hills & Fort Jackson)	5 (Cambridge, Buffalo Flats, Lujiza, Fort Jackson & Maclean Town)	5 (Cambridge, Buffalo Flats, Lujiza, Fort Jackson & Maclean Town)	Copies of invoices and completion certificates	N/A	N/A		Directorate: Sport, Recreation and Community Development
KFA28	STC13	Number of Parks Depots upgraded	Upgrading of Parks Depots	2 (NU6 Mdantsane & Berlin)	2 (NU6 Mdantsane & Berlin)	2 (NU6 Mdantsane & Berlin)	2 (NU6 Mdantsane & Berlin)	2 (NU6 Mdantsane & Berlin)	Invoices & completion certificates	N/A	N/A		Directorate: Sport, Recreation and Community Development

**STRATEGIC OUTCOME 5: A WELL GOVERNED CITY**








**NATIONAL PRESCRIBED INDICATORS**

KFA32	WS3.11	Percentage of complaints/callo uts responded to within 24 hours (sanitation/ wastewater)	Operations and Maintainance	Responded to 100% sewer overflows within 24 hours. (Only covers inspection and identification of required repairs as well as issuing job cards).	Respond to 100% sewer overflows within 24 hours. (Only covers inspection and identification of required repairs as well as issuing job cards).	Responded to 100% sewer overflows within 24 hours. (Only covers inspection and identification of required repairs as well as issuing job cards).	100%	100%	Water Management Information System Report or Copies of Job Cards	N/A	N/A		Directorate: Infrastructure Services
KFA32	WS3.21	Percentage of complaints/callo uts responded to within 24 hours (water)	Operations and Maintainance	Responded to 100% of water outages and burst pipe complaints/queries within 24 hours. (Exclude completion of repairs)	Respond to 100% of water outages and burst pipe complaints/queries within 24 hours. (Exclude completion of repairs)	Responded to 100% of water outages and burst pipe complaints/queries within 24 hours. (Exclude completion of repairs)	100%	100%	List of reported/attended water burst pipes and no water queries with jobcard numbers.	N/A	N/A		Directorate: Infrastructure Services
KFA23	WS4.21	Percentage of industries with trade effluent inspected for compliance	Inspection of trade effluent producers on trade effluent database (20% annually over a 5 year cycle)	60%	20%	20%	20%	20%	Correspondence from Scientific Services	N/A	N/A		Directorate: Infrastructure Services
	TR6.21	Percentage of reported pothole complaints resolved within standard municipal response time	Pothole Patching	New Indicator	New Indicator	New Indicator	60%	61%	Pothole Patching Reports	N/A	N/A		Directorate: Infrastructure Services



KFA32	WS4.11	Percentage of water treatment capacity unused	UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	17%	10%	17%	10%	12%	Water production figures	N/A	N/A		Directorate: Infrastructure Services
KFA32	W4.31	Percentage of waste water treatment capacity unused	N/A	49%	40%	49%	40%	37%	Average Flows to Wastewater Treatment Works and Wastewater Treatment Works Capacity	The measured flows are not a true reflection of actual flows that should have reached the treatment plants due to flow losses from pump stations because of vandalism and load-shedding, and lost flow records at the treatment plants during periods of load-shedding.	The department is currently improving security at pump stations and treatment plants and providing alternative power supply during periods of load-shedding, to improve the situation.		Directorate: Infrastructure Services
KFA32	WS5.21	Infrastructure leakage index	Water conservation and water demand management	6,3%	<7.3	6,3%	<7.3	7.2%	Water balance report	N/A	N/A		Directorate: Infrastructure Services
KFA 46	GG 1.21	Staff vacancy rate	Filling of vacant funded posts	9.9%	8%	9.9%	13%	12.69%	Staff Complement/ Vacant funded posts	N/A	N/A		Directorate: Corporate Services
KFA41	LED 1.31	Number of individuals connected to apprenticeships and learnerships through municipal interventions	Skills Development for unemployed local youth	36 learners	40 Learners	36 learners	40 Learners	65 Learners	List of participants	Overachieved due to enrolment of external funded learners	Slight increase on target		Directorate: Corporate Services
KFA46	GG 1.22	Percentage of vacant posts filled within 3 months	Filling of vacant funded posts within 3 months	48.5%	100% (233 of 466 vacant fund posts to be filled)	48.5%	(30% of all vacant funded post where the recruitment process has been initiated)	87,76%	Letter of Appointments	N/A	N/A		Directorate: Corporate Services
KFA 46	GG 5.11	Number of active suspensions longer than three months	Finalisation of all outstanding suspensions that are longer 3 months	Q1 - 11 Q2 - 8 Q3 - 16 Q4 - 20 (suspensions longer than 3 months per quarter during 2021/2022 financial year)	20 (suspensions longer than 3 months not to exceed 20 per quarter)	Q1 - 11 Q2 - 8 Q3 - 16 Q4 - 20 (suspensions longer than 3 months per quarter during 2021/2022 financial year)	20 (suspensions longer than 3 months not to exceed 20 per quarter)	Q1 = 20 Q2 = 20 Q3 = 10	Suspension Case Statistics	N/A	N/A		Directorate: Corporate Services
KFA 46	GG 5.12	Quarterly salary bill of suspended officials	N/A	Q1 - 8,314, 685.78 Q2 - 6 196 706.99 Q3 - 7 291 274,03 Q4 - R6,589.842.88 (Quarterly salary bill of suspended officials per quarter during 2021/2022 financial year)	R10 000 000 (Quarterly salary bill of suspended officials must not exceed R10 000 000,00 per quarter)	Q1 - 8,314, 685.78 Q2 - 6 196 706.99 Q3 - 7 291 274,03 Q4 - R6,589.842.88 (Quarterly salary bill of suspended officials per quarter during 2021/2022 financial year)	R10,000,000.00 (Quarterly salary bill of suspended officials must not exceed R10, 000, 000.00 per quarter)	Q1= R6,676.324.29 Q2=R6 919 236,04 Q3= R5 327,982.08 Q4= R278, 371.73	Suspension Case Statistics	N/A	N/A		Directorate: Corporate Services
KFA 30	GG2.11	Percentage of ward committees with 6 or more ward committee members (excluding ward councillors)	N/A	94% Ward Committee members	100% Ward Committee members	94% Ward Committee members	100% Ward Committee members	100% Ward Committee members	1) Ward Committee Stipend payment list. 2) Nomination forms / Minutes and Attendance register for the coopted members.	N/A	N/A		Directorate: Executive Support Services
KFA 30	GG 2.12	Percentage of wards where at least one councillor-convended community meeting was held	N/A	0%	100%	0%	100% (1 Public Meeting Convened per ward = 50 Public meetings for 50 wards)	Q1=22% Q2=15% Q3=42% Q4=28%	Attendance Register and Minutes of the meetings held.	N/A	The Speaker will engage with the Chief Whip in order to arrange a session with all Ward Councillors in the first quarter of 2023/2024 financial year to discuss measures in adhering on holding public meetings schedule. Meanwhile, a correspondence in a form of Notice detailing the importance of Ward Public meetings will be sent to through Council Packages to all Ward Councillors during the month of July 2023.		Directorate: Executive Support Services





KFA 30	GG3.12	Percentage of councillors who have declared their financial interests	N/A	80%	100%	80%	100%	100%	Declaration forms	N/A	N/A		Directorate: Executive Support Services
KFA 30	GG2.31	Percentage of official complaints responded to through the municipal complaint management system	N/A	100%	100%	100%	100%	100%	Petitions register	N/A	N/A		Directorate: Executive Support Services
KFA25	HS1.31	Number of informal settlements enumerated and classified (in terms of NUSP or equivalent classification)	Informal settlements upgrade	44 Informal settlements enumerated and classified (in terms of NUSP or equivalent classification)	44 Informal settlements enumerated and classified (in terms of NUSP or equivalent classification)	44 Informal settlements enumerated and classified (in terms of NUSP or equivalent classification)	46 Informal settlements assessed (enumerated and classified)	46 Informal settlements assessed (enumerated and classified)	Progress Report signed by HOD submitted to Portfolio Committee	N/A	N/A		Directorate: Human Settlements
KFA25	HS1.32	Number of informal settlements upgraded to Phase 2	Informal settlements upgrade	47 Informal settlements upgraded to Phase 2	47 Informal settlements out of 154 known informal	47 Informal settlements out of 154 known informal	22 Informal settlements upgraded to Phase 2	22 Informal settlements upgraded to Phase 2	Progress Report signed by HOD submitted to Portfolio Committee	N/A	N/A		Directorate: Human Settlements
KFA 37	HS2.21	Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll	Annual Supplementary Valuation Roll	105	360	105	400	200	Monthly supplementary Roll	No rateable residential properties in the subsidy housing market were registered during 3rd and 4th Quarter entering the municipal valuation roll.	Liaise with Human Settlements regarding the registration of properties and analyse the monthly deeds downloads to identify registered properties in the subsidy housing market.		Directorate: Finance Services
KFA 37	LED 1.11	Percentage of total municipal operating expenditure spent on contracted services physically residing within the municipal area	N/A	92%	80%	92%	85%	Q1 = 97% Q2 = 96% Q3 = 95% Q4 = 87%	Operating Expenditure Reports	N/A	N/A		Directorate: Finance Services
KFA 37	LED 3.31	Average number of days from the point of advertising to the letter of award per 80/20 procurement process	N/A	295.76 days	180 days	295.76 days	160 days	266.66 Days	Quarterly awards report	There were delays in the sitting of Bid committees, due the restructuring process (appointment of new bid committee members and allocation of directorates) that took place within the various bid committees.	The Bid Committees progress/performance is monitored on a weekly basis and is reported to the CM.		Directorate: Finance Services
KFA 37	LED3.21	Percentage of revenue clearance certificates issued within 10 working days from the time of completed application received	N/A	97.4%	95%	97.4%	95%	Q1 = 92% Q2 = 94% Q3 = 95% Q4 = 95%	Rates Clearances Report	N/A	N/A		Directorate: Finance Services












KFA 37	LED 2.11	Percentage of budgeted rates revenue collected	N/A	82.7%	83.5%	82.7%	85%	Q1 = 61,85% = 87,25% Q2 = 81,8% Q3 = 151% Q4 =	Rates Calculation	N/A	N/A		Directorate: Finance Services
KFA 39	LED2.12	Percentage of the municipality's operating budget spent on free basic services to indigent households	Free Basic Services to Indigent households	6,6%	5%	6,6%	5%	Q1 = 6,81% Q2 = 6,825% Q3 = 6,82% Q4 = 7,15%	1. Annual Budget Schedule 2. General Ledger Expenditure per free basic services vote 3. Excel Spreadsheet Calculation	N/A	N/A		Directorate: Finance Services
KFA 37	EE2.11	Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE)	Free Basic Electricity to Indigent households	10,11%	10%	10,11%	10%	Q1 = 19,10% Q2 = 15,635% Q3 = 13,25% Q4 = 12,51%	1. Annual Budget Schedule 2. General Ledger Expenditure per free basic services vote 3. Excel Spreadsheet Calculation	N/A	N/A		Directorate: Finance Services
KFA 37	LED 3.32	Percentage of municipal payments made to service providers who submitted complete forms within 30-days of invoice submission	N/A	99%	100%	99%	100%	Q1 = 100% Q2 = 100% Q3 = 100% Q4 = 64%	Section 52(d)	Increase in creditors.  Decline in the City's cash position.	The City continues to implement intervention measures to improve the City's cash collection.  Review the payments of creditors to be done twice a month.  Implement Cost Containment.		Directorate: Finance Services
KFA 37	FM1.11	Total Capital Expenditure as a percentage of Total Capital Budget	N/A	New Indicator	New Indicator	New Indicator	100%	105%	Section 52(d)	N/A	N/A		Directorate: Finance Services
KFA 37	FM1.12	Total Operating Expenditure as a percentage of Total Operating Expenditure Budget	N/A	New Indicator	New Indicator	New Indicator	100%	92%	Section 52(d)	N/A	N/A		Directorate: Finance Services
KFA 37	FM1.13	Total Operating Revenue as a percentage of Total Operating Revenue Budget	N/A	New Indicator	New Indicator	New Indicator	100%	92%	Section 52(d)	Property rates, water and electricity service have contributed to the underperformance:  i. Property rates has realised less revenue than projected due to downward adjustment of property values for six high value properties as per the Valuation Appeal Board. ii. Water Service - issues relating to no-go areas have contributed to the decrease in water billing. Interim readings obtained and processed. The actual readings are yet to be obtained which may be higher than the interim readings. iii. Electricity Service has realised less revenue than projected due to continued load Shedding, increase in meter tampering and illegal connections into the BCMM Electrical Grid.	Water services department is removing water meters from inside premises to outside so that they are easily accessible. Engagements to be held with political leaders regarding no go areas so as to try and resolve the impasse with communities.  For Electricity, the metro has a revenue protection unit which is busy with curbing illegal electricity and meter tampering. The institution is to embark on a study on how to remedy the situation of consumers that are getting out of the grid.		Directorate: Finance Services

KFA 37	FM1.14	Service Charges and Property Rates Revenue as a percentage of Service Charges and Property Rates Revenue Budget	N/A	New Indicator	New Indicator	New Indicator	100%	91%	Section 52(d)	Property rates, water and electricity service have contributed to the underperformance:  i. Property rates has realised less revenue than projected due to downward adjustment of property values for six high value properties as per the Valuation Appeal Board. ii. Water Service - issues relating to no-go areas have contributed to the decrease in water billing. Interim readings obtained and processed. The actual readings are yet to be obtained which may be higher than the interim readings. iii. Electricity Service has realised less revenue than projected due to	Water services department is removing water meters from inside premises to outside so that they are easily accessible. Engagements to be held with political leaders regarding no go areas so as to try and resolve the impasse with communities.  For Electricity, the metro has a revenue protection unit which is busy with curbing illegal electricity and meter tampering. The institution is to embark on a study on how to remedy the situation of consumers that are getting out of the grid.		Directorate: Finance Services
KFA 37	FM1.21	Funded budget (Y/N) (Municipal)	N/A	New Indicator	New Indicator	New Indicator	Funded budget	Funded Budget (Yes)	Approved A1 Schedule	N/A	N/A		Directorate: Finance Services
KFA 37	FM2.21	Cash backed reserves reconciliation at year end	N/A	New Indicator	New Indicator	New Indicator	Council Approved budget – A8 Table	Yes	Approved A1 Schedule	N/A	N/A		Directorate: Finance Services
KFA 37	FM3.11	Cash/Cost coverage ratio	N/A	New Indicator	New Indicator	New Indicator	1-2x fixed operating expenditure	0.77	Section 52(d)	Increase in current liabilities	The City continues to implement intervention measures to improve the City's cash collection. As a tool to monitor the performance of the collection rate, on a Bi-weekly basis a report is tabled to the City Manager and Executive Mayor to appraise on the strides taken to ensure the City is able to meet its commitments as they fall dues.		Directorate: Finance Services
KFA 37	FM3.12	Current ratio (current asset/current liabilities)	N/A	New Indicator	New Indicator	New Indicator	1.5:1	1.36:1	Section 52(d)	Increase consumer collection rate.	The City to develop a long-term financial plan to increase reserves.		Directorate: Finance Services
KFA 37	FM3.13	Trade payables to cash ratio	N/A	New Indicator	New Indicator	New Indicator	<0.5:1	<0.35:1	Section 52(d)	Increase in trade payables, thereby increasing liabilities. This is also caused by declining cash reserves in the City.	Apply cost containment on the Budget. Increase in consumer collection rate.		Directorate: Finance Services
KFA 37	FM3.14	Liquidity ratio	N/A	New Indicator	New Indicator	New Indicator	>1.6:1	1.34	Section 52(d)	Continued excessive payment of creditors.  Decline in the City's cash position.	The City continues to implement intervention measures to improve the City's cash collection. The above assists the City Manager to come up with prompt interventions and remedial actions.  Review the payments of creditors to be done twice a month and not weekly.		Directorate: Finance Services

KFA 37	FM4.11	Irregular, Fruitless and Wasteful, Unauthorised Expenditure as a percentage of Total Operating Expenditure	N/A	New Indicator	New Indicator	New Indicator	0%	81,63%	N/A	N/A	N/A		Directorate: Finance Services
KFA 37	FM4.31	Creditors payment period	N/A	New Indicator	New Indicator	New Indicator	30 days	134 days	Section 52(d)	Increase in creditors. Decline in the City's cash position.	The City continues to implement intervention measures to improve the City's cash collection.  Review the payments of creditors to be done twice a month.		Directorate: Finance Services
KFA 37	FM5.11	Percentage of total capital expenditure funded from own funding (Internally generated funds + Borrowings)	N/A	New Indicator	New Indicator	New Indicator	47%	-6%	Section 52(d)	Own funded capital projects were put on hold due to the City's cashflow challenges, the votes were only open for transaction in the fourth quarter; this resulted in delayed implementation of own funded projects.	Continuous enforcement of Credit Control Policy so as to improve the City's cashflow. The City's collection rate showed improvement towards the end of the third quarter thus own funded capital projects were open for transaction.		Directorate: Finance Services
KFA 37	FM5.12	Percentage of total capital expenditure funded from capital conditional grants	N/A	New Indicator	New Indicator	New Indicator	53%	50%	Section 52(d)	Delays in the procurement process.	All bid committee members have been taken through formal training. The Bid Committees progress/performance is monitored and is reported to the City Manager's Office on a weekly basis.		Directorate: Finance Services
KFA 37	FM5.21	Percentage of total capital expenditure on renewal/upgrading of existing assets	N/A	New Indicator	New Indicator	New Indicator	61%	57%	Circular 71 ratio	N/A	N/A		Directorate: Finance Services
KFA 37	FM5.22	Renewal/Upgrading of Existing Assets as a percentage of Depreciation/Asset impairment	N/A	New Indicator	New Indicator	New Indicator	47%	45%	Circular 71 ratio	N/A	N/A		Directorate: Finance Services
KFA 37	FM5.31	Repairs and Maintenance as a percentage of property, plant, equipment and investment property	N/A	New Indicator	New Indicator	New Indicator	2%	2%	Circular 71 ratio	N/A	N/A		Directorate: Finance Services

KFA 37	FM6.12	Percentage of awarded tenders [over R200k], published on the municipality's website	N/A	New Indicator	New Indicator	New Indicator	100%	100%	Quarterly Awards Reports	N/A	N/A		Directorate: Finance Services
KFA 37	FM6.13	Percentage of tender cancellations	N/A	New Indicator	New Indicator	New Indicator	15%	9%	Cancellation adverts	Majority of the tenders cancelled were due to the validity periods that have expired.	End user Departments' to ensure that the tender validity extension memorandums are approved by the CM before the expiry date.		Directorate: Finance Services
KFA 37	FM7.11	Debtors payment period	N/A	New Indicator	New Indicator	New Indicator	680 days	302 days	1. BP135 Trial Balance Billing Report 2. Debt Impairment Calculation Schedule	N/A	N/A		Directorate: Finance Services
KFA 37	FM7.12	Collection rate ratio	Implementation of Revenue Enhancement Strategy and Credit Control Policy	New Indicator	New Indicator	New Indicator	85%	82.05%	1. BP135 Trial Balance Billing Report	<ul style="list-style-type: none"> <li>Continuation of no go areas like Pola Park, Sweetwater and Ginsburg</li> <li>The impact of loadshedding in our cash point offices</li> <li>The increase in the vandalism of the Municipal Cables and fibre lines</li> <li>Meter tampering, resulting in blocking of electricity to be ineffective.</li> <li>Defaulting on Debt Arrangements by customers</li> </ul>	<ul style="list-style-type: none"> <li>The Municipality will continue to implement full Credit Control Policy</li> <li>The Municipality will continue implement the 80/20 restriction on the procurement of electricity for all accounts in arrears of more than 30 days</li> <li>The Municipality will continue with the Smart Meter (water and electricity) and Infrastructure vandalism awareness campaign.</li> </ul> <p>The Municipality has sourced the services of the Sheriff for the delivery of the 14 day termination letters which were delivered in Q4.</p>		Directorate: Finance Services
KFA 37	FM7.31	Net Surplus/Deficit Margin for Electricity	N/A	New Indicator	New Indicator	New Indicator	-20%	10%	Circular 71 ratio	Continued load shedding, increase in meter tampering and illegal connections into the BCMM Electrical Grid.	The metro has a revenue protection unit which is busy with curbing illegal electricity and meter tampering. The institution is to embark on a study on how to remedy the situation of consumers that are getting out of the grid.		Directorate: Finance Services
KFA 37	FM7.32	Net Surplus/Deficit Margin for Water	N/A	New Indicator	New Indicator	New Indicator	31%	79%	Circular 71 ratio	Issues relating to no-go areas have contributed to the decrease in water billing. Interim readings obtained and processed. The actual readings are yet to be obtained which may be higher than the interim readings.	Water services department is removing water meters from inside premises to outside so that they are easily accessible. Engagements to be held with political leaders regarding no go areas so as to try and resolve the impasse with communities.		Directorate: Finance Services
KFA 37	FM7.33	Net Surplus/Deficit Margin for Wastewater	N/A	New Indicator	New Indicator	New Indicator	46%	94%	Circular 71 ratio	The tariff for sewerage not completed in terms of implementation	Review the sewerage tariff		Directorate: Finance Services

KFA 37	FM7.34	Net Surplus/Deficit Margin for Refuse	N/A	New Indicator	New Indicator	New Indicator	37%	98%	Circular 71 ratio	Poor collection rate	Revenue Management to implement full credit control		Directorate: Finance Services
KFA 37	GG3.11	Number of repeat audit findings	N/A	New Indicator	New Indicator	New Indicator	0	43 (2021/2022 financial year)	AIP and AG's report 2021/2022 financial year	N/A	N/A		Directorate: Finance Services
<b>BCMM INDICATORS</b>													
KFA 46	WGC 1	Number of people from employment equity target groups (females) employed in the 3 highest levels of management	Implementation of Employment Equity Plan	2 (females) employed in the 3 highest levels of management	3 (females) employed in the 3 highest levels of management	2 (females) employed in the 3 highest levels of management	1	1	Letter of Appointment	N/A	N/A		Directorate: Corporate Services
KFA 41	C9/WGC 27	% of the municipality's budget actual spent on implementing its workplace skills plan.	Human Resource Development	99% of allocated training budget	82% of allocated Training Budget	99% of allocated training budget	90%	96%	Solar printouts	Overachieved due to expenditure training scheduling	Increase target next financial year		Directorate: Corporate Services
KFA 37	WGC 9(a)	Number of Electricity Smart Meters installed (Business Debtors)	Installation of Smart Meters - CAPEX Support and Maintenance	272	1 060	272	250	0	None	The project is currently on hold with no installation as per instruction from Council. The continuation of the project is dependent upon on completion of education and awareness campaign to kick-off and a go-ahead from Council.	Smart Metering awareness campaign has been completed, and the educational programme is set to kick-off in the second month of first quarter of financial year 23/24. Likewise, a report to Council has been tabled requesting upliftment of moratorium in the project.		Directorate: Finance Services
KFA 37	WGC 9(b)	Number of Electricity and Water Smart Meters installed (Residential Debtors)	Installation of Smart Meters - CAPEX Support and Maintenance	30 454	12 400	30 454	1 000	0	None	The project is currently on hold with no installation as per instruction from Council. The continuation of the project is dependent upon on completion of education and awareness campaign to kick-off and a go-ahead from Council.	Smart Metering awareness campaign has been completed, and the educational programme is set to kick-off in the second month of first quarter of financial year 23/24. Likewise, a report to Council has been tabled requesting upliftment of moratorium in the project.		Directorate: Finance Services
KFA37	WGC24	Number of kilolitres reduced (physical water losses in terms of system losses)	Water conservation and water demand management	1 083 743kl	850 000kl	1 083 743kl	850 000kl	1 091 067,84kl	water conservation and water demand management report	The overachievement is because it is impossible to predict the exact volume of water loss reductions due to fluctuating water consumptions by consumers, which may be influenced by the change in consumer's behavior because of consumer awareness campaigns and education on the importance of saving water without necessary fixing any infrastructure.	N/A		Directorate: Infrastructure Services

KFA 37	WGC22	Total increase in the amount of revenue collected for traffic fines	Collection of traffic fines	R 12 530 796.35	R 5 500 000	R 12 530 796.35	R 5 500 000	R11 507 630.21	Solar Income Report, TCS roadblock report and department operational plan	The Department currently has the following measures in place: Daily Roadblocks including weekends with the mobile office to collect fines income. SMS notifications Serving of summonses Continuous operations with SAPS Warrants executed Executing bulk proxies with outstanding fines Use of media platforms to advise the public of outstanding fines.	Cognizance must be taken that due to the complexity of the indicator the following must still be noted:  1. Every effort is made in terms of notifying offenders of outstanding fines. However, cognizance must be taken that we cannot force an offender to pay as he/she has the right to submit a representation to reduce or withdraw a fine, he/she also has the right to appear in court and the Magistrate or State Public Prosecutor will decide whether to proceed with the traffic offence or not to proceed.  2. Traffic Services is bound and guided by (DPP) Directive of Public Prosecutions as well as Legislation in terms of traffic offences issued. The prescripts of the Director of Public Prosecutions Guidelines (Act 51 of 1977) clearly prescribes that the validity period on summonses/warrants will take effect within a certain period of date of issue.  3. Director of Public Prosecutions guidelines will take effect due to the age summonses/warrants of arrest are struck of the court roll. (Act 51 of 1977)  4. Daily Roadblocks including weekends with the ANPR mobile office to collect fines income- subject to approval and weather permitting.  5. Traffic Services operates within the following legislations, National Road Traffic Act, Directive of Public Prosecutions, Criminal Procedure Act, and the National Land Transportation Act and as such cannot deviate outside these guidelines relating to issuing of traffic fines and the collection thereof, as revenue collection is not the core function of Traffic Services. 6. It should be noted that due to the complexity of the indicator, Traffic Services is bound and guided by Directives of Public Prosecution		Directorate: Public Safety and Emergency Services
KFA 39	WGC14	Credit Rating Maintained at A	Appointment of a Credit Rating Institution	A	A	A	A	A	Latest credit rating	N/A	N/A		Directorate: Finance Services
KFA 39	WGC 16	Debt to revenue percentage (the extent of Total Borrowings in relation to Total Operating Revenue).	N/A	2.64%	Less than 45%	2.64%	Less than 45%	2.03%	Section 52(d)	N/A	N/A		Directorate: Finance Services
KFA 41	WGC 150	% of grant spent on implementing ISDG Program	ISDG	New Indicator	New Indicator	New Indicator	85%	91%	Solar Print out	In 2022/2023 the working environment was much more conducive than the previous year and therefore the implementation of milestones was faster than the previous year.	N/A		
KFA 37	WGC31	Percentage of registered billing queries	Accurate Billing of accounts	2.5%	Less than 3 percent of the total billing queries	2.5%	Less than 3,5 percent of the total billing queries	Q1 = 0,583% Q2 = 0,521% Q3 =0,45% Q4 = 0,4%	1. IVR Query Register 2. Report on accounts issued	N/A	N/A		Directorate: Finance Services
<b>ACHIEVEMENT LEVELS &amp; LEGEND</b>													
	Outstanding performance												
	Performance significantly above expectations												
	Fully effective performance												
	Performance not fully satisfactory												
	Unsatisfactory performance												
	Not Applicable /On hold/Not for reporting for this quarter												
N/A	Not Applicable												

# CHAPTER 4

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

During the 2022/23 financial year, Buffalo City introduced a paper-based employee performance management system, which was implemented for employees from General Managers, Senior Managers, and employees between Task Grades 15–20. Performance Monitoring is being implemented for lower Task Grades.

Human Resources Planning and Development (HRPD) is rolling out a culture change management drive (internal) by facilitating sessions on strategic planning, vision building, team cohesiveness, and profiling good performers.

During her first 100 days in office, the Executive Mayor launched a sub-campaign called 'Performance to the Maximum', which focuses on promoting and encouraging a performance culture, instilling organisational values, and work ethics. This initiative is being piloted in service delivery directorates, namely Infrastructure Services (Water and Sanitation) and Solid Waste Management and Environmental Services (Grass-Cutting and Refuse Collection).

The institution has appointed a service provider to implement an electronic performance management system and culture change management for the next three years.

**T4.0.1**



## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Municipality currently has a staff complement of 5 252 officials, including fixed-term contract employees. These individuals play a crucial role, both individually and collectively, in helping the Municipality achieve its objectives. The primary aim of the HR Department is to provide an innovative HR service that encompasses both skills development and administrative functions.

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

**Table 171: Employees**

Employees					
Description	Year 2021/2022	Year 2022/2023			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	304	319	289	30	6,5%
Wastewater (Sanitation)	327	376	352	51	13,9%
Electricity	210	249	205	35	12,5%
Solid Waste Management	690	731	670	60	9,6%
Waste Disposal	39	42	33	9	13,3%
Housing	65	67	63	4	5,8%
Roads Services English Admin	286	314	286	28	8,9%
Transport Service (Bus depot Trans Plan Murp)	36	44	36	8	16,3%
Stormwater – 12 from	12	16	14	2	12,5%
Planning (City Plan Arch Survey Land Build)	122	151	124	27	20,2%
Local Economic Development Market	78	80	73	7	7,1%
Library Halls Arts & Culture Admin	215	243	215	31	10,8%
Cemeteries	129	146	126	20	13,6%
Child Care	2	3	2	1	33,3%
Pollution Control	4	69	64	5	0%
Biodiversity & Other	430	557	471	86	12,9%
Health Inspection	57	61	61	0	0%
Police office & other	707	751	667	84	8,3%

Fire Services	159	166	148	17	10,2%
Disaster management & Animal Licence	6	8	8	0	12,5%
Sport & Recreation Amenities	365	298	253	45	8,1%
Executive & Council	159	199	179	20	11,1%
Financial	550	608	536	72	9,8%
Human Resources	172	182	176	6	3,3%
ICT	39	41	38	3	7,3%
Legal Services Risk Management SCM	87	114	89	25	25,0%
Municipal Manager incl Know Man EP MO	67	79	65	14	18,3%
Mechanical Services	74	85	69	16	12,9%
<b>Totals</b>	<b>5 552</b>	<b>5 995</b>	<b>5252</b>	<b>764</b>	<b>10,2%</b>
					<i>T 4.1.1</i>

**NB.** The table above reflects the current status for the year 2022/23 of the staff complement, vacancies, and vacancy rate for each department indicated above.

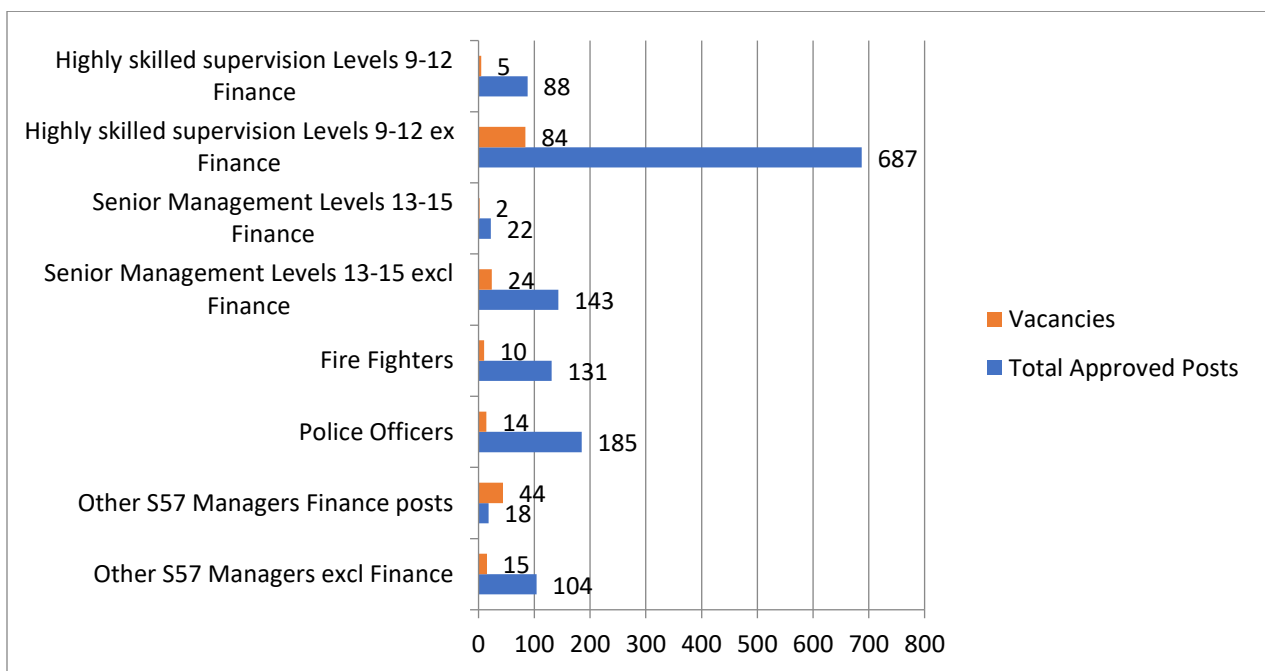
Note: Section 57 managers were not previously included below. An additional column has now been inserted.

**Table 172: Vacancy rate: Year 2022/2023**

<b>Vacancy Rate: Year 2022/2023</b>			
<b>Designations</b>	<b>*Total Approved Posts</b>	<b>*Vacancies (Total time that vacancies exist using fulltime equivalents)</b>	<b>*Vacancies (as a proportion of total posts in each category)</b>
	<b>No.</b>	<b>No.</b>	<b>%</b>
Municipal Manager	1	0	100%
CFO	1	0	0%
S57 – HODs	9	1	11,11%
Other Senior Managers (excl Finance Posts T16 & above)	104	15	14,42%
Other Senior Managers (Finance posts T16 & above)	18	4	22,22 %
Police Officers	185	14	7,57%
Firefighters	131	10	7,63%
Senior management: Levels 13–15 (excluding Finance Posts) ex 3005–3071	143	24	16,78%

Senior management: Levels 13–15 (Finance posts)	22	2	9,09%
Highly skilled supervision: Levels 9–12 (excluding Finance posts)	687	84	12,23%
Highly skilled supervision: Levels 9–12 (Finance posts)	88	5	5,68%
<b>Total</b>	<b>1 389</b>	<b>160</b>	<b>11,51%</b>
			<i>T 4.1.2</i>

**NB.** The table above presents a more detailed breakdown of the number of filled posts and vacancies across various skill levels.



**Figure 135: Vacancies**

**Table 173: Turnover rate**

Turnover Rate			
Details	Staff establishment as at the end of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2020/2021	5 552	276	5%
2021/2022	5 404	275	5%
2022/2023	5 252	243	5%
			<i>T 4.1.3</i>

**COMMENT ON VACANCIES AND TURNOVER:**

BCMM has an approved staff complement of 5 252, with 614 of these positions currently vacant and funded.

We are actively advertising these vacancies promptly.

In the fiscal year ending June 20293, a total of 127 posts were filled. Additionally, there were 243 terminations, broken down as follows:

Contract Expiry – 1  
 Deceased – 41  
 Dismissals – 15  
 Medical Boarding – 9  
 Resignations – 52  
 Retirements – 125  
 Appointments – 127

*T 4.1.4*

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The number of approved vacant funded posts at the beginning of the 2022/23 financial year was 614.

Throughout the financial year, a total of 127 new appointments were made, while 243 terminations occurred. As a result, the vacancy rate stood at 12,69%.

T 4.2.0

### 4.2. POLICIES

**Table 174: HR policies and plans**

HR Policies and Plans				
No	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Scarce Skills Policy	100%	50%	Adopted in 2006, currently under review, and awaiting Council approval.
2	Code of Conduct for Employees	100%	0%	Annexure in the Disciplinary Procedure of the Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC) (Remove)
3	Delegations, Authorisation & Responsibility	0%	0%	
4	Disciplinary Code and Procedures	100%		Main Collective Agreement of National SALGBC
5	Employee Assistance / Wellness	100%	0%	07 October 2005; Still waiting to be reviewed by 30 September 2022

6	Employment Equity	100%	100%	04 April 2019.
7	HIV/AIDS (Employee Assistance / Wellness Policy)	100%	0%	07 October 2005; Currently awaiting review, anticipated to be completed by 15 October 2022
8	Human Resource and Development	100%	50%	25 January 2019; Awaiting Local Labour Forum.
9	Information Technology	100%	0%	26 November 2015.
10	Job Evaluation	100%	0%	SALGA Policy applies.
11	Leave	100%	50%	Awaiting the new Main Collective Agreement of the National SALGBC. The Collective Agreement is still under consultation with the relevant parties, and once finalised, it will be submitted to the Council for approval.
12	Occupational Health and Safety	100%	50%	01 May 2016; Reviewed and awaiting Council approval.
13	Official Housing	100%	0%	
14	Official Journeys	100%	100%	31 May 2016.
15	Official Transport to Attend Funerals	100%	0%	05 May 2005.
16	Official Working Hours and Overtime	100%	0%	A policy has been developed and is awaiting Council approval in the upcoming Council meeting.
17	Payroll Deductions	100%	80%	Main Collective Agreement of National SALGBC
18	Performance Management and Development	100%	50%	21 Jun 2013; Currently under review for Council approval, expected to be completed by February 2023.
19	Staff Provisioning Policy	100%	90%	December 2007; The policy has been updated with new regulations following consultations with Labour. It is scheduled to

				be adopted by Council in the next Council meeting.
20	Remuneration Scales and Allowances	100%	100%	Main Collective Agreement of National SALGBC.
21	Sexual Harassment	100%	0%	Main Collective Agreement of National SALGBC.
22	Skills Development	100%	0%	Incorporated in the Human Resource and Development (HRD) Policy approved on 25 January 2019.
23	Smoking	100%	50%	November 2011.
24	Organisational Design Policy & Procedure	100%	100%	The policy is to be updated as new regulations are being implemented by COGTA from 1 July 2023.
25	Uniforms and Protective Clothing	100%	30%	01 September 2014
				<i>T 4.2.1</i>

**COMMENT ON WORKFORCE POLICY DEVELOPMENT:**

All staff-related policies are drafted and tabled at Top Management, the Local Labour Forum (LLF), and then submitted to the Council for final approval and implementation. Reviews must be conducted annually to assess their relevance and effectiveness in accordance with relevant legislation.

All staff-related policies are regularly reviewed and updated to ensure compliance with legislative requirements and operational needs. Before being approved by the Council for implementation, all policy development, whether it is being reviewed, amended, or drafted, undergoes a consultation process.

*T 4.2.1.1*

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table 175: Number and cost of injuries on duty**

Number and Cost of Injuries on Duty					
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	24	100	1,38	R3 856 529,97
Temporary disablement total	494	106	100%		
Permanent disablement	0	0	0	0	R0
Fatal	0	n/a	n/a	n/a	0
<b>Total</b>	<b>494</b>	<b>106</b>	<b>100%</b>	<b>1,38</b>	<b>R3 856 529,97</b>

*T 4.3.1*

**Table 176: Number of days and cost of sick leave (excluding injuries on duty)**

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)	489	26%	26	513	095	257
Skilled (Levels 3–5)	28 958	35%	2 022	2 366	12,24	17 366
Highly skilled production (levels 6–8)	14 963	22%	1 159	1 481	10,10	14 195
Highly skilled supervision (levels 9–12)	8 273	28%	659	707	11,70	13 149
Senior management (Levels 13–15)	2 593	17%	218	328	7,91	7 416
MM and S57	35	17%	5	9	3,89	156
<b>Total</b>	<b>55 311</b>	<b>24%</b>	<b>4 089</b>	<b>5 404</b>	<b>10,24</b>	<b>52 539</b>



\* - 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

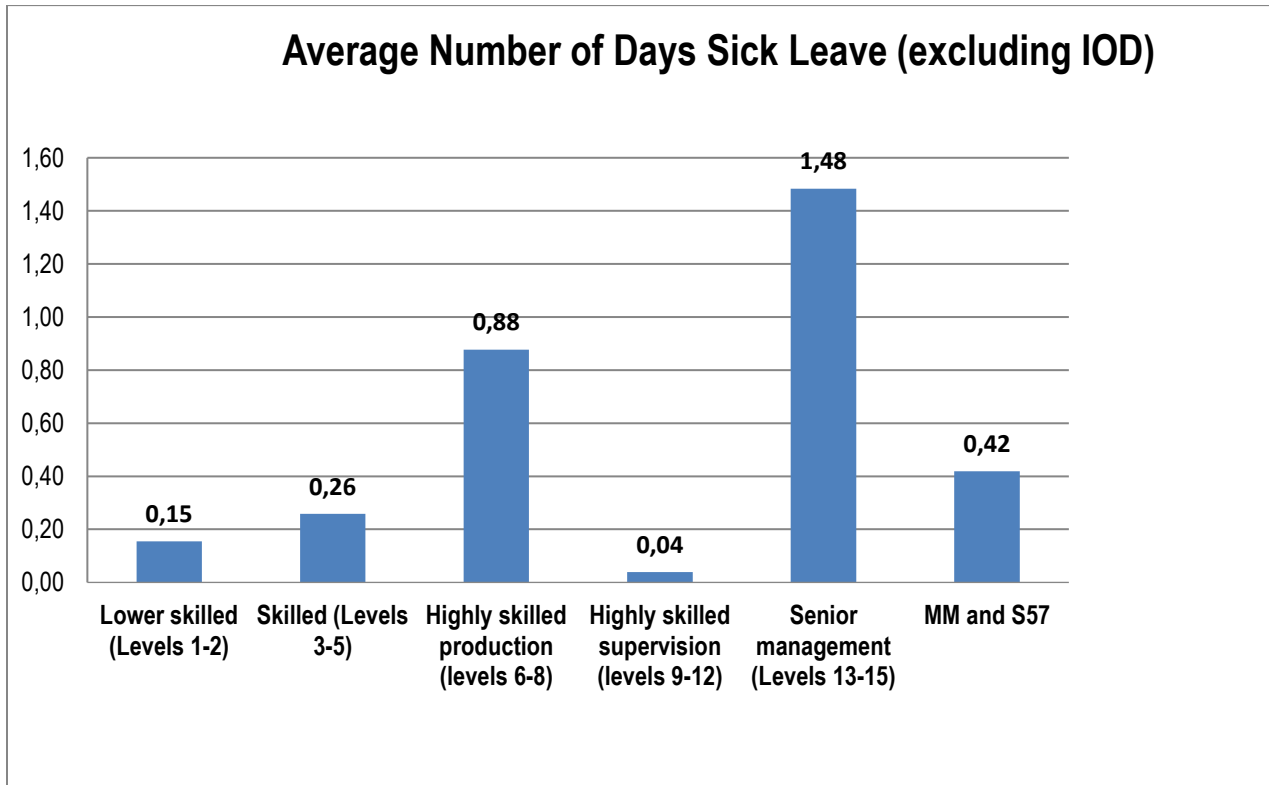


Figure 136: Average number of days sick leave

T.4.3.3

#### COMMENT ON INJURY AND SICK LEAVE:

#### COMMENT ON INJURY:

Employee Wellness is a crucial factor in ensuring high productivity levels within an organisation. Therefore, BCMM places great importance on the well-being of its employees. BCMM implements Employee Wellness programmes through the Employee Wellness Centre, which is located within the Directorate of Corporate Services. These programmes focus on providing primary healthcare services, including COVID-19 testing and vaccination. Additionally, BCMM prioritises the safety of its employees and all individuals on its premises. Psycho-social counselling services are provided to employees, along with assistance in managing Compensation for Occupational Injuries and Diseases claims. BCMM also serves

as a worksite for COVID-19 testing and vaccination under the auspices of the Provincial Department of Health Services.

Furthermore, BCMM maintains its Safety Plan, which has made a significant impact in reducing its Disabling Injury Frequency Rate (DIFR). As of June 2022, the DIFR stands at 0,74%, well below the national norm of 2,4%.

The COVID-19 activities carried out during the 2021/2022 period are outlined below:

**Table 177: Table COVID-19 activities carried out during 2021/2022**

COVID-19 ACTIVITY	QUANTITY	
Screening	2 800	
Testing	1 393	
Positive cases	417	
Vaccinations:		
Pfizer	1 896	1 796 Employees 35 Councillors x 3 doses
J&J	350	285 Employees
	<b>TOTAL: 2 246</b>	65 Councillors x 2 doses

**COMMENT ON SICK LEAVE:**

The sick leave cost for the 2021/2022 financial year amounted to R52 539 957.61, while the cost for 2022/2023 has risen to R56 802 874.53. This upward trend compared to the previous financial year is attributed to factors such as salary increments leading to a rise in leave value and non-compliance with the new internal control measures proposed by management.

HR is actively pursuing the following measures initiated by Management to address the ongoing challenge of absenteeism:

- HR has conducted departmental road shows, urging line managers and supervisors to adhere to the established policy.
- A compilation of absenteeism challenges, along with potential solutions, has been communicated to office managers by HR, encouraging compliance with the existing control measures.
- Line managers have been advised to seek a second opinion (municipal doctor) when observing repeated patterns of absenteeism.
- Disciplinary action is taken against employees who submit fraudulent sick certificates.
- Additionally, HR provides quarterly reports on absenteeism costs and the number of employees taking sick leave, enabling departments to rigorously monitor worker absenteeism.

Despite these efforts, sick leave remains a significant challenge, and line managers are consistently reminded of their responsibilities in managing sick leave on a day-to-day basis.

T 4.3.4

**Table 178: Number and period of suspensions**

<b>Number and Period of Suspensions</b>				
<b>Position</b>	<b>Nature of Alleged Misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised</b>	<b>Date Finalised</b>
Horticultural Worker	Fraud, Gross Negligence, Dishonesty and Gross Insubordination	14 July 2021	The case is still in progress	Suspension lifted 01 June 2023
Snr Admin Clerk	Fraud, Gross Negligence, Dishonesty and Gross Insubordination	14 July 2021	The case is still in progress	Suspension uplifted
01 June 2023				
Supervisor Finance	Solicited bribery from a member of the public & consumption of alcohol	20 July 2021	The case is finalised	27 June 2023
Supervisor Billing Enquires	Fraud, Gross Negligence	19 January 2022	The case was removed from the statistics	Suspension lifted 01 June 2023

			pending investigation	further	
Audit Exception Officer	Fraud, Gross Negligence	19 January 2022	The case was removed from the statistics pending further investigation		Suspension lifted 01 June 2023
Supervisor Billing Enquiries	Fraud, Gross Negligence	19 January 2022	The case was removed from the statistics pending further investigation		Suspension lifted 01 June 2023
Coordinator Revenue Management	Fraud, Gross Negligence	19 January 2022	The case was removed from the statistics pending further investigation		Suspension lifted 01 June 2023
Supervisor Service Centre	Fraud, Gross Negligence	19 January 2022	The case was removed from the statistics pending further investigation		Suspension lifted 01 June 2023
Accounts Co-ordinator	Fraud, Gross Negligence	19 January 2022	The case was removed from the statistics pending further investigation		Suspension lifted 01 June 2023
Driver	Misuse of BCMM motor card/fuel card number 708 188 237 087 7811 for JVD 511 EC, Vehicle fleet no. 5698	13 May 2022	The case is finalised		10 July 2023
Traffic Warden	Fraud	16 May 2022	The case is in progress		Suspension lifted 01 June 2023
Security Guard	Dishonesty	25 May 2022	The case is finalised		01 December 2022
Senior Traffic Officer	Dishonesty, Gross negligence and bringing the name of BCMM into disrepute	27 May 2022	The case is finalised		01 March 2023
<i>T 4.3.5</i>					

**Table 179: Disciplinary action taken on cases of financial misconduct**

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
<p><b>NB. There were no reported cases of financial misconduct in terms of Section 172 (2) of the MFMA for the year under review. All cases involving fraud, theft of money, and tender corruption by SCM staff members are reported as ordinary misconduct in T.4.3.5. These cases lack the elements of financial delegation as defined in Section 106 of the MFMA.</b></p>			
			T4.3.6

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

As of the end of June 2023, there has been a 98% reduction in the number of suspensions, and the suspension costs have decreased to R278 371,73. The reasons for delays in concluding suspensions in the current year vary from internal to external factors. The Municipality has sanctioned a guideline matrix to aid the Council in assessing cases that merit suspensions and determining which offences justify an extension of suspension. This strategy aims to decrease the number of suspensions and enhance the turnaround time for their resolution. The guidelines instruct Directorates to lift suspensions in cases where the investigation has been concluded and/or there is no substantial threat to the Municipality's operations if the employee resumes work.

T 4.3.7

**4.4 PERFORMANCE REWARDS**

**Table 180: Performance rewards by gender**

Performance Rewards by Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
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
<b>Total</b>					
<b><i>N.B.: No performance rewards were paid during the 2022/2023 financial year.</i></b>					No
					<i>T 4.4.1</i>

**COMMENT ON PERFORMANCE REWARDS:**

The BCMM Employee Performance and Management Policy was introduced for the 2022/23 financial year, encompassing all employees in Task Grade Levels 15 to 20; however, no financial rewards were granted. Employees below Task Grade Levels 15 were monitored at the departmental level.

The institution is in the process of procuring an Automated Employee Performance Management System for the seamless implementation of the performance management system for all employees below Section 56/57. A service provider has been appointed to implement the Electronic Performance Management System and facilitate Culture Change Management.

T 4.4.1.1

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The BCMM Training Plan for the 2022/2023 period, in the form of a Workplace Skills Plan, was developed in consultation with stakeholders within the Municipality. It was then submitted to the Local Government Seta for final approval by the cut-off date of 29 April 2022, in accordance with the Skills Development Act, No. 97 of 1998.

Development interventions were executed to benefit both the existing workforce and unemployed young graduates, thereby contributing to local economic development. Youth development initiatives comprised internships, in-service training (also known as Work-Integrated Learning or WIL), and mentorship programmes. These endeavours were facilitated by the Infrastructural Skills Development Grant (ISDG), an annual grant disbursed from the National Treasury. The ISDG enabled the BCMM to offer internship programmes that assist local young, unemployed graduates in working towards professional registration with their respective statutory professional bodies.

The ISDG Internship programme specifically focuses on fields of study within the built environment and professional bodies such as the Engineering Council of South Africa (ECSA), the South African Council for Planners (SACPLAN), the South African Council for Property Valuers Profession (SACPVP), the South African Geomatics Council (SAGC), and the South African Council for Natural Scientist Profession (SACNASP). Since its inception in 2013 until June 2022, a total of 49 participants have been involved in the programme, with 32 successfully completing and professionalising. The remaining 28 participants are expected to conclude the programme by the end of December 2023. In June 2022, 11 new interns were enrolled in the programme, and their participation will end in June 2025. BCMM has benefited from the programme by employing professionals in various disciplines, including Civil Engineering, Electrical Engineering, Land Surveying, Town Planning, and GIS.

BCMM has also implemented other Internship programmes focusing on different operational areas of the Municipality, with financial support from the Local Government SETA and BCMM. During the 2021/2022 financial year, a total of 53 interns were engaged in these programmes,

and they are expected to complete their internships by December 2023. BCMM also extends financial support to its employees for registration with Further Education Training Colleges and universities to pursue studies in various relevant fields. A total of 648 employees have been granted bursaries to enrol in part-time studies, ranging from matric to national certificates, diplomas, degrees, honours, and postgraduate degrees.

The Municipality is committed to fostering the development of officials who meet the Minimum Competency Levels regulations of the MFMA, so that they acquire the necessary competences as prescribed in the applicable Occupational Category Unit Standards.

T 4.5.0



## 4.5 SKILLS DEVELOPMENT AND TRAINING

Table 181: Skills matrix

Skills Matrix														
Management level	Gender	Employees in post as of 30 June 2021	Number of skilled employees required and actual as of 30 June 2023											
			ISDG Interns, LG SETA Interns			Skills programmes & other short courses			Other forms of training – Bursaries			Total		
			No.	Actual: End of Year 2020/21	Actual: End of Year 2021/22	Year 0 Target 2022/23	Actual: End of Year 2020/21	Actual: End of Year 2021/22	Year 0 Target 2022/23	Actual: End of Year 2020/21	Actual: End of Year 2021/22	Year 0 Target 2022/23	Actual: End of Year 2020/21	Actual: End of Year 2021/22
MM and s57	Female	4	0	0	0	0	2	0	2	0	0	2	2	0
	Male	6	0	0	0	0	3	0	1	1	1	1	4	1
Councillors, senior official, and managers	Female	163	1	0	0	28	19	8	27	19	2	56	38	10
	Male	177	2	0	0	41	38	5	32	20	1	75	58	6
Technicians and associate professionals*	Female	183	23	35	42	8	9	16	9	0	0	40	44	58
	Male	252	23	30	26	18	18	32	21	6	2	62	54	60
Professionals	Female	151	32	30	19	19	5	34	7	6	7	58	41	60
	Male	144	13	27	14	19	4	15	3	3	4	35	34	33

Sub-total	Female	501	56	65	61	55	35	58	43	25	8	156	125	127
	Male	579	38	57	40	78	63	52	69	30	9	173	150	101
Total		1080	94	122	101	133	98	110	100	55	17	329	275	456
*Registered with ECSA, South African Geomatics Council (SAGC), South African Council for the Quantity Surveying Profession (SACQSP), SACPLAN														T 4.5 1

**Table 182: Financial competency development: progress report**

<b>Financial Competency Development: Progress Report*</b>						
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))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	1	2	2	2	2
<i>CFO</i>	1	1	2	2	2	1
<i>Senior Managers</i>	8	1	9	9	9	7
<i>Any other financial officials</i>	34	0	34	34	0	26
<b>SCM Officials</b>						
<i>Heads of SCM Units</i>	0	0	0	0	0	1
<i>SCM Senior Managers</i>	2	0	2	2	2	2
<b>TOTAL</b>	<b>46</b>	<b>3</b>	<b>49</b>	<b>49</b>	<b>15</b>	<b>39</b>
<i>1 vacant Section 57 post and 5 officers on MFMP training for MFMA compliance</i>						<i>T 4.5.2</i>

**Table 183: Skills development expenditure**

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 2022/2023							
			Internships (ISDG & LGSETA)		Skills programmes & other short courses		Other forms of training (Bursaries)		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	4	0	0	200	130	0	0	200	130
	Male	6	0	0	200	143	40	20	240	163
Legislators, senior officials and managers	Female	164	0	0	175	120	400	395	275	515
	Male	177	0	0	175	121	400	358	575	479
Professionals	Female	151	2 700	2 678	315	305	700	751	3 715	3 734
	Male	144	2 700	2 672	315	299	700	760	3 715	3 731
Technicians and associate professionals	Female	183	3 000	2 908	322	312	950	940	4 272	4 160
	Male	252	3 000	2 978	422	387	950	948	4 372	4 313
Clerks	Female	548	1 980	2 049	275	201	980	950	3 235	3 200
	Male	166	1 980	1 450	125	205	980	956	3 085	2 611
Service and sales workers	Female	436	0	0	210	215	940	943	1 488	1 158
	Male	618	0	0	210	120	940	945	1 487	1 065
Plant and machine operators and assemblers	Female	78	0	0	258	138	1 380	1 340	1 638	1 478
	Male	358	0	0	158	137	1 400	1 500	1 558	1 637
Elementary occupations	Female	947	0	0	757	481	2 072	2 087	2 829	2 568
	Male	1 272	0	0	692	481	2 072	2 107	2 764	2 588

Sub-total	Female	2 510	7 680	7 635	2 413	1 902	7 422	7 406	17 652	16 943
	Male	2 993	7 680	7 100	2 497	1 893	7 482	7 594	17 796	16 587
<b>Total</b>		<b>5 503</b>	<b>15 630</b>	<b>14 735</b>	<b>4 909</b>	<b>3 795</b>	<b>14 904</b>	<b>1 5000</b>	<b>3 5448</b>	<b>33 530</b>
<i>Budget is inclusive of conditional grant of R11,750 million received from National Treasury augmenting R23,7m from BCMM coffers to make a total of R35,4 million.</i>									<b>35 444</b>	<b>33 530</b>
										T4.5.3

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

The Workplace Skills Plan for the 2022/2023 financial year was developed and implemented throughout the Municipality, including spontaneous training requests arising from performance deficiencies identified during the year. A target of 85% expenditure on the allocated training budget of R23 693 700,00 was set, and performance was measured quarterly until the end of the financial year, with an ISDG amounting to R11 750 000,00. By the end of the financial year, 99% of the allocated training budget was achieved. The training budget used for the roll-out of developmental interventions is sourced from LGSETA grants, BCMM's own funds, as well as the National Treasury Conditional Grant. Funding received from these sources has proven to be adequate for planned development interventions.

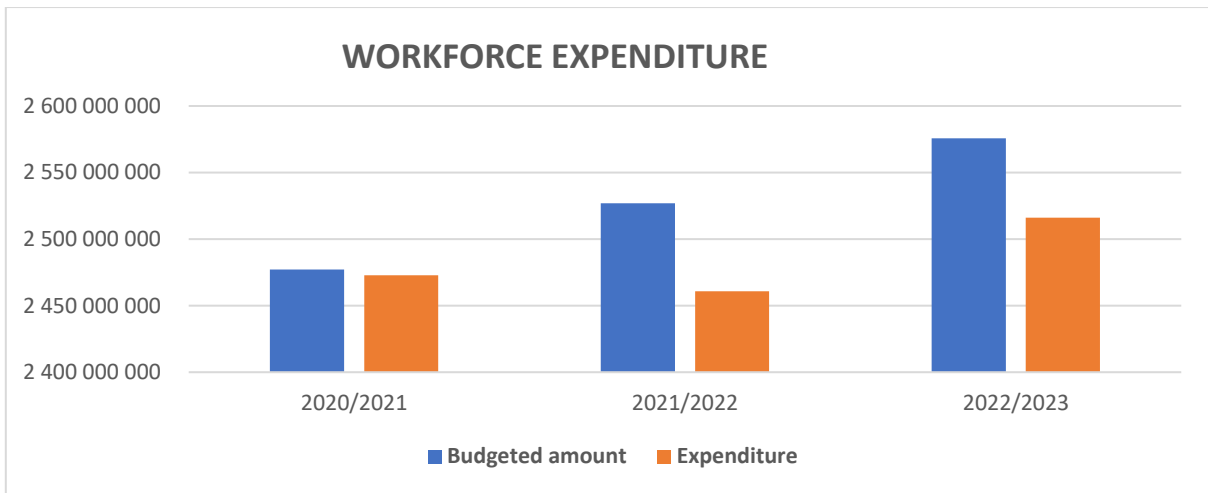
Regular briefings are conducted with various departments to strategically outline staff development plans, ensuring that their specific needs are reflected in the Workplace Skills Plan. Support has been extended to all personnel impacted by the MFMA Regulations on minimum competency levels, facilitating the attainment of Unit Standards mandated for specific occupational categories.

Overtime costs continue to be a challenge. While measures have been put in place in the past to address this issue, additional actions are currently being taken at various stages to further mitigate the problem. The tender is ready for advertisement, but the tender processes are currently on hold due to the pending SCM PPPFA Regulation amendment. The Overtime Policy will be presented at the August Council meeting.

Continual dialogues between HR and line departments are actively pursued with the aim of transitioning certain 5-day workers to shift schedules, with the potential to curtail overtime costs. Several departments have already explored the possibility of implementing a 24-hour shift system.

### WORKFORCE EXPENDITURE

Financial year	Budgeted amount	Expenditure	Exp Pattern
2020/2021	R2 477 172 448	R2 472 781 899	Actuals within budget
2021/2022	R2 526 862 308	R2 460 704 424	Actuals within budget
2022/2023	R2 575 707 463	R2 516 183 615	(Based on S52 report. Figure subject to change as BCMM is busy with Annual Financial Statements [AFS]).



**Figure 137: Workforce expenditure**

T 4.5.4

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

A comparison of workforce expenditure, encompassing remuneration for Councillors, throughout the last three financial years is outlined below:

The staff budget for 2022/23 was R2 575 707 463, with actual expenditure reaching R2 516 183 615.

The SALGBC negotiates the national salary increase for staff below S56 level, and for the 2022/23 financial year, the increase amounted to 5.4%.

Section 56 Senior Managers received a 3% salary increase for the 2022/23 financial year, as stipulated by Government Gazette No. 48789 dated 14 June 2023. Additionally, a 1.5% increase had been granted to this employee category in the 2021/22 financial year.

Line managers diligently oversee and control staff costs and expenditure on a monthly basis. The Budget Office submits monthly reports highlighting any instances of over/under expenditure, and line managers are mandated to implement necessary corrective actions to ensure compliance with budgeted parameters.

The Municipality strives to derive optimal value from workforce expenditure by implementing various control initiatives, including Absenteeism Reduction and vigilant monitoring of attendance. Line managers are tasked with ensuring that employees remain productive and demonstrate a performance-driven approach.

*T 4.6.0*

### COMMENT ON WORKFORCE EXPENDITURE:

Expenditure for the 2022/2023 financial year was within budget.

Expenditure is monitored monthly, and any deviations are reported to the relevant HODs for comment.

*T 4.6.1.1*



**Table 184: Number of employees whose salaries were increased due to their positions being upgraded**

Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1–3)	Female	1
	Male	
Skilled (Levels 4–8)	Female	4
	Male	
Highly skilled production (Levels 9–13)	Female	14
	Male	
Highly skilled supervision (Levels 14–18)	Female	4
	Male	
Senior management (Levels 19–23)	Female	-
	Male	
MM and S 57	Female	-
	Male	-
<b>Total</b>		<b>23</b>

*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

**Table 185: Occupations**

Occupation	Number of employees	Job evaluation level	Reason for deviation
Senior Manager: Financial Management	1	16	EMPLOYEES ABOVE THE HIGHEST NOTCH OF THE EVALUATED TASK GRADE
Senior Accountant	1	12	-
Manager	1	14	-
General Manager	1	19	-
Accountant	1	11	-
Senior Accountant	1	12	EMPLOYEES ABOVE THE HIGHEST NOTCH OF THE EVALUATED TASK GRADE
Accountant Staff Keys	1	11	-
Accounting Clerk	1	9	-
Senior Accountant	1	12	-

Accounting Clerk	1	9	-
Accountant	5	11	-
Senior Accountant	1	12	-
Secretary	1	7	EMPLOYEES ABOVE THE HIGHEST NOTCH OF THE EVALUATED TASK GRADE
Technical Buyer	-	9	
Senior Technical Buyer	-	11	
Formal Contract Assistant	1	6	
Manager: Contract	-	14	
Snr Manager: Acquisition	1	16	
Stores Receiving Clerk	-	5	
Chief Logistics Stores & Disposal Office	-	12	
Senior Manager: Logistics	1	16	
Admin Assistant	1	6	
Senior Manager	-	16	
Admin Assistant	-	6	-
Senior Manager: Contract & Performance Management	-	16	
Office Attendant	1	3	-
Inspector: Spatial Planning	1	8	-
Dispatch Officer: Depo	1	7	-
Superintendent: Bus Depo	1	12	-
Engineer: Integrated Public Transport Network (IPTN) Operations	1	14	-
Senior Manager: Transport Operations	1	16	-

Chief Technician	1	11	–
Chief Technician: Traffic Signal	1	11	–
Senior Manager	1	16	–
Senior Manager: Strategic Transport Planning	1	16	–
Office Attendant	1	3	
Admin Assistant	1	6	
Senior Development Coordinator	2	12	
Senior Manager: Township Regeneration	1	16	–
City Planner: Settlement Planning	2	14	–
City Planner: Land Use Management		14	
City Planner: Spatial Planning		14	
Manager: Settlement Planning		15	
Manager: Land use Management		15	
Manager: Spatial Planning		15	
Senior Manager: City & Regional Planning		16	
Senior Manager: Property Disposal & Acquisitions	1	16	
Senior Secretary	1	7	EMPLOYEES ABOVE THE HIGHEST NOTCH OF THE EVALUATED TASK GRADE
Office Manager	1	14	EMPLOYEES ABOVE THE HIGHEST NOTCH OF THE EVALUATED TASK GRADE
Grader Operator		6	

Storeman		6	
Administrative Assistant	1	7	–
Overseer: Storm water Maintenance	9	7	–
Principal Artisan – Installation		12	
Senior Foreman		8	
Principal Artisan – Distribution		12	
Cleaner		3	
Cable Jointer		7	
District Engineer: Electrical Distribution	1	16	–
Senior Manager: Electrical Distribution	0	17	
Manager: Infrastructure & Information Risk	1	15	EMPLOYEES ABOVE THE HIGHEST NOTCH OF THE EVALUATED TASK GRADE
Manager: Social Housing Policy & Education Support		14	
Assistant Handyman	1	5	–
Handyman	1	7	–
			T 4.6.3

**Table 186: Employees appointed to posts not approved**

<b>Employees appointed to posts not approved</b>				
<b>Department</b>	<b>Level</b>	<b>Date of appointment</b>	<b>No. appointed</b>	<b>Reason for appointment when no established post exists</b>
0	0	0	0	0
<i>T 4.6.4</i>				

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

According to the Wage Collective Agreement, employees earning salaries higher than the assessed grade maintained their existing salary levels, adhering to the contractual to holder principle.

The process of Job Evaluation is continuous, with 69 posts evaluated during the year under review, resulting in the upgrading of 23 posts. The expenditure associated with implementing these upgraded positions amounted to R5 009 229,26.

For positions evaluated under the contractual to holder principle, there were no financial implications, as the incumbents were already above the salary threshold.

T4.6.5

**DISCLOSURE OF FINANCIAL INTERESTS**

As part of standard management practices geared toward promoting compliance with relevant and applicable legislation, City employees and Councillors disclosed their financial interests.

**Refer to Appendix J: Disclosures.**

T4.6.6

# CHAPTER 5

## CHAPTER 5: 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, however, due to weak economic performance as well as a weak collection rate, the process for additional loans is undertaken with caution.

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 have declined. 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 2022/2023 financial year. The statement of financial performance is presented using MFMA classification which is revenue by source and expenditure by type.

A deficit that amounts to R0.285 billion was incurred for the year under review. This reflects an favourable variance of R0.052 billion in comparison to the budgeted deficit of R0.337 billion.

The unfavourable revenue variance of R0.798 billion was due to the following factors:

- a) Property rates revenue: total revenue realised amounted to R1.791 billion which was R0.167 billion below the budgeted amount of R1.958 billion.
- b) Service charges: total revenue realised amounted to R3.766 billion which was R0.407 billion below the budgeted amount of R4.173 billion.
- c) Transfers recognised – operational: total revenue realised was R1.203 billion which was R0.273 billion below the budgeted amount of R1.476 billion.



The Metro's total operating expenditure was lower than the anticipated budget. The largest contributors to this variance of R0.850 billion are as follows:

- a) Debt impairment: amounted to R0.897 billion which was R0.313 billion below the budgeted expenditure of R1.211 billion.
- b) Finance charges: amounted to R0.016 billion which was R0.013 billion below the budgeted expenditure of R0.029 billion.
- c) Transfers and grants: amounted to R0.092 billion which was R0.096 billion below the budgeted expenditure of R0.188 billion.
- d) Other expenditure: it amounted to R1.459 billion which was R0.264 billion below the budgeted expenditure of R1.722 billion.

The statement of financial position for 2022/2023 reflects a favourable position as the Metro is having excess assets over liabilities resulting into the net worth of R26.147 billion. The value of the municipality's total assets is R29.769 billion, which comprise of current assets to the value of R3.693 billion and non-current assets amounting to R26.076 billion. The value of the municipality's total liabilities is R3.622 billion, which comprise of current liabilities to the value of R2.723 billion and non-current liabilities amounting to R0.898 billion.

The long-term loans comprise a total of R0.138 billion, which is a decrease of R0.050 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 cash and cash equivalent is declining but can meet its immediate obligations. The stagnant revenue base threatens the City's cash position, as a result the City has adopted an aggressive Revenue Enhancement Strategy, which includes revenue generation, the accuracy of meter readings, 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

Description	2022/2023											2021/2022			
	Original Budget	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)	Final Budget	Actual Outcome (i.t.o. s28 and s31 of the MFMA)	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Financial Performance</b>															
Property rates	1 958 216	-	1 958 216			1 958 216	1 791 370		(166 846)	91,5%	91,5%				1 698 669
Service charges	4 253 303	(80 000)	4 173 303			4 173 303	3 766 315		(406 989)	90,2%	88,6%				3 869 644
Investment revenue	30 876	480	31 356			31 356	47 660		16 303	152,0%	154,4%				54 305
Transfers recognised - operational	1 446 763	29 805	1 476 568			1 476 568	1 203 572		(272 996)	81,5%	83,2%				1 729 702
Other own revenue	1 182 480	44 712	1 227 191			1 227 191	1 252 599		25 408	102,1%	105,9%				1 359 178
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 871 639</b>	<b>(5 003)</b>	<b>8 866 636</b>			<b>8 866 636</b>	<b>8 061 516</b>		<b>(805 120)</b>	<b>90,9%</b>	<b>90,9%</b>				<b>8 711 498</b>
Employee costs	2 686 871	(88 783)	2 598 088			2 598 088	2 476 159	-	(121 929)	95,3%	92,2%	-	-	-	2 535 947
Remuneration of councillors	70 263	-	70 263			70 263	69 220	-	(1 043)	98,5%	98,5%	-	-	-	69 153
Debt impairment	1 211 246	-	1 211 246			1 211 246	897 828		(313 419)	74,1%	74,1%	-	-	-	1 338 506
Depreciation & asset impairment	1 826 633	21 263	1 847 896			1 847 896	1 846 054	-	(1 842)	99,9%	101,1%	-	-	-	1 589 631
Finance charges	49 361	(20 610)	28 751			28 751	16 075	-	(12 676)	55,9%	32,6%	-	-	-	20 684
Materials and bulk purchases	2 434 214	(167 808)	2 266 406			2 266 406	2 206 835	-	(59 572)	97,4%	90,7%	-	-	-	2 169 310
Transfers and grants	170 553	17 926	188 479			188 479	91 955	-	(96 524)	48,8%	53,9%	-	-	-	71 281
Other expenditure	1 633 505	89 187	1 722 692			1 722 692	1 459 008	-	(263 683)	84,7%	89,3%	-	-	-	1 328 787
<b>Total Expenditure</b>	<b>10 082 646</b>	<b>(148 825)</b>	<b>9 933 822</b>			<b>9 933 822</b>	<b>9 063 135</b>	-	<b>(870 687)</b>	<b>91,2%</b>	<b>89,9%</b>	-	-	-	<b>9 123 299</b>
<b>Surplus/(Deficit)</b>	<b>(1 211 008)</b>	<b>143 822</b>	<b>(1 067 186)</b>			<b>(1 067 186)</b>	<b>(1 001 619)</b>		<b>65 567</b>	<b>93,9%</b>	<b>82,7%</b>				<b>(411 802)</b>
Transfers recognised - capital	734 875 340	-4 849 919	730 025 421			730 025	732 602		2 576	100,4%	99,7%				
Contributions recognised - capital & contributed assets	-	-	-			-	4 160		4 160	0,0%	0,0%				
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(476 132)</b>	<b>138 972</b>	<b>(337 161)</b>			<b>(337 161)</b>	<b>(264 857)</b>		<b>72 303</b>	<b>78,6%</b>	<b>55,6%</b>				<b>(411 802)</b>
Taxation	-	-	-			-	-		-	0,0%	0,0%				-
Share of surplus/ (deficit) of associate	-	-	-			-	(20 143)		(20 143)	0,0%	0,0%				45 257
<b>Surplus/(Deficit) for the year</b>	<b>(476 132)</b>	<b>138 972</b>	<b>(337 161)</b>			<b>(337 161)</b>	<b>(285 000)</b>		<b>52 160</b>	<b>84,5%</b>	<b>59,9%</b>				<b>(366 544)</b>
<b>Capital expenditure &amp; funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	734 875	(4 163)	730 712			730 712	732 602		1 889	100,3%	99,7%				681 730
Public contributions & donations	-	-	-			-	-		-	0,0%	0,0%				-
Borrowing	732 614	(732 614)	-			-	-		-	0,0%	0,0%				11 727
Internally generated funds	618 873	41 607	660 480			660 480	729 679		69 199	110,5%	117,9%				772 324
<b>Total sources of capital funds</b>	<b>2 086 362</b>	<b>(695 170)</b>	<b>1 391 192</b>			<b>1 391 192</b>	<b>1 462 280</b>		<b>71 088</b>	<b>105,1%</b>	<b>70,1%</b>				<b>1 465 782</b>
<b>Cash flows</b>															
Net cash from (used) operating	1 036 020	81 830	1 117 850			1 117 850	1 462 717		344 867	130,9%	141,2%				1 064 221
Net cash from (used) investing	(2 086 362)	695 157	(1 391 205)			(1 391 205)	(1 431 059)		(39 854)	102,9%	68,6%				(1 466 981)
Net cash from (used) financing	677 964	(732 614)	(54 650)			(54 650)	(49 141)		5 510	89,9%	-7,2%				(45 191)
<b>Cash/cash equivalents at the year end</b>	<b>(372 378)</b>	<b>44 373</b>	<b>(328 005)</b>			<b>(328 005)</b>	<b>679 975</b>		<b>1 007 980</b>	<b>-207,3%</b>	<b>-182,6%</b>				<b>697 457</b>

Financial Performance of Operational Services						
						R '000
Description	2021/2022	2022/2023		2022/2023 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	1 223 162	804 628	1 301 546	1 084 984	25,84%	-19,96%
Waste Water (Sanitation)	496 463	384 296	581 252	456 301	15,78%	-27,38%
Electricity	2 778 199	3 093 837	2 744 968	2 700 606	-14,56%	-1,64%
Waste Management	526 106	466 222	556 619	538 279	13,39%	-3,41%
Housing	48 283	161 814	177 700	62 157	-160,33%	-185,89%
Component A: sub-total	5 072 213	4 910 797	5 362 085	4 842 327	-1,41%	-10,73%
Waste Water (Stormwater Drainage)	0	0	0	0	0,00%	0,00%
Roads	863 255	461 710	1 134 202	997 145	53,70%	-13,75%
PIU & Construction	29 927	41 336	31 002	30 886	-33,84%	-0,37%
Transport	97 850	80 719	65 399	127 390	36,64%	48,66%
Component B: sub-total	991 031	583 765	1 230 603	1 155 420	49,48%	-6,51%
Planning	86 402	88 388	72 114	95 074	7,03%	24,15%
Local Economic Development	184 332	322 856	301 660	151 203	-113,52%	-99,51%
Component B: sub-total	270 733	259 692	373 774	246 277	-5,45%	-51,77%
Libraries, Archives, Museums, Galleries, Community Facilities etc	190 474	159 530	173 116	224 881	29,06%	23,02%
Cemeteries and Crematoriums	90 654	87 941	84 830	92 165	4,58%	7,96%
Child Care, Aged Care, Social Programmes	0	0	0	0	0,00%	0,00%
Component C: sub-total	281 128	247 471	257 946	317 046	21,94%	18,64%
Pollution Control	0	0	0	0	0,00%	0,00%
Bio-Diversity, Landscape and Other	208 615	225 475	200 308	199 333	-13,11%	-0,49%
Component E: Environmental Protection - sub-total	208 615	225 475	200 308	199 333	-13,11%	-0,49%
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	49 301	54 720	49 801	49 412	-10,74%	-0,79%
Component F: Health - sub-total	49 301	54 720	49 801	49 412	-10,74%	-0,79%
Traffic Services & Law Enforcement	315 567	354 384	326 821	320 715	-10,50%	-1,90%
Fire	178 929	12 429	192 807	189 993	93,46%	-1,48%
Other ( Disaster Management, Animal Licencing and Control etc	5 303	7 012	5 355	5 238	-33,86%	-2,24%
Component G: Security and Safety - sub-total	499 799	373 825	524 983	515 946	27,55%	-1,75%
Sport and Recreation	100 951	101 743	107 701	105 173	3,26%	-2,40%
Component H: Sport and Recreation - sub-total	100 951	101 743	107 701	105 173	3,26%	-2,40%
Executive and Council	381 364	486 876	402 895	387 416	-25,67%	-4,00%
Financial Services	752 638	908 842	903 304	687 968	-32,11%	-31,30%
Human Resources Services	149 775	227 076	156 728	147 456	-54,00%	-6,29%
Information and Communication Technology	99 144	102 453	103 636	101 689	-0,75%	-1,91%
Property, Legal, Risk Management and Procurement Services	212 022	152 392	160 345	229 564	33,62%	30,15%
Component I: Policy Offices and Other sub-total	1 594 944	1 877 639	1 726 907	1 554 092	-20,82%	-11,12%
Other	132 356	83 730	99 713	98 250	14,78%	-1,49%
Component J: Other sub-total	132 356	83 730	99 713	98 250	14,78%	-1,49%
<b>Total Expenditure</b>	<b>9 201 071</b>	<b>8 718 857</b>	<b>9 933 822</b>	<b>9 083 278</b>	<b>4,01%</b>	<b>-9,36%</b>
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

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary															
Description	2022/2023											2021/2022			
	Original Budget	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)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Financial Performance</b>															
Property rates	1 958 216	–	1 958 216			1 958 216	1 791 370		(166 846)	91,5%	91,5%				1 698 669
Service charges	4 253 303	(80 000)	4 173 303			4 173 303	3 766 315		(406 989)	90,2%	88,6%				3 869 644
Investment revenue	30 876	480	31 356			31 356	47 660		16 303	152,0%	154,4%				54 305
Transfers recognised - operational	1 446 763	29 805	1 476 568			1 476 568	1 212 167		(264 402)	82,1%	83,8%				1 729 702
Other own revenue	1 182 480	44 712	1 227 191			1 227 191	1 252 811		25 620	102,1%	105,9%				1 359 178
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 871 639</b>	<b>(5 003)</b>	<b>8 866 636</b>			<b>8 866 636</b>	<b>8 070 323</b>		<b>(796 313)</b>	<b>91,0%</b>	<b>91,0%</b>				<b>8 711 498</b>
Employee costs	2 686 871	(88 783)	2 598 088			2 598 088	2 476 159	–	(121 929)	95,3%	92,2%	–	–	–	2 535 947
Remuneration of councillors	70 263	–	70 263			70 263	69 220	–	(1 043)	98,5%	98,5%	–	–	–	69 153
Debt impairment	1 211 246	–	1 211 246			1 211 246	897 828		(313 419)	74,1%	74,1%	–	–	–	1 338 506
Depreciation & asset impairment	1 826 633	21 263	1 847 896			1 847 896	1 846 081	–	(1 815)	99,9%	101,1%	–	–	–	1 589 631
Finance charges	49 361	(20 610)	28 751			28 751	16 075	–	(12 676)	55,9%	32,6%	–	–	–	20 684
Materials and bulk purchases	2 434 214	(167 808)	2 266 406			2 266 406	2 206 835	–	(59 572)	97,4%	90,7%	–	–	–	2 169 310
Transfers and grants	170 553	17 926	188 479			188 479	91 955	–	(96 524)	48,8%	53,9%	–	–	–	71 281
Other expenditure	1 633 505	89 187	1 722 692			1 722 692	1 458 723	–	(263 968)	84,7%	89,3%	–	–	–	1 328 787
<b>Total Expenditure</b>	<b>10 082 646</b>	<b>(148 825)</b>	<b>9 933 822</b>			<b>9 933 822</b>	<b>9 062 876</b>	<b>–</b>	<b>(870 946)</b>	<b>91,2%</b>	<b>89,9%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9 123 299</b>
<b>Surplus/(Deficit)</b>	<b>(1 211 008)</b>	<b>143 822</b>	<b>(1 067 186)</b>			<b>(1 067 186)</b>	<b>(992 553)</b>		<b>74 633</b>	<b>93,0%</b>	<b>82,0%</b>				<b>(411 802)</b>
Transfers recognised - capital	734 875 340	-4 849 919	730 025 421			730 025	732 602		2 576	100,4%	99,7%				
Contributions recognised - capital & contributed assets	–	–	–			–	4 160		4 160	0,0%	0,0%				
	<b>(476 132)</b>	<b>138 972</b>	<b>(337 161)</b>			<b>(337 161)</b>	<b>(255 791)</b>		<b>81 369</b>	<b>75,9%</b>	<b>53,7%</b>				<b>(411 802)</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>															
Taxation	–	–	–			–	–		–	0,0%	0,0%				–
Share of surplus/ (deficit) of associate	–	–	–			–	(20 143)		(20 143)	0,0%	0,0%				45 257
<b>Surplus/(Deficit) for the year</b>	<b>(476 132)</b>	<b>138 972</b>	<b>(337 161)</b>			<b>(337 161)</b>	<b>(275 934)</b>		<b>61 226</b>	<b>81,8%</b>	<b>58,0%</b>				<b>(366 544)</b>
<b>Capital expenditure &amp; funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	734 875	(4 163)	730 712			730 712	732 602		1 889	100,3%	99,7%				970 986
Public contributions & donations	–	–	–			–	–		–	0,0%	0,0%				–
Borrowing	732 614	(732 614)	–			–	–		–	0,0%	0,0%				3 079
Internally generated funds	618 873	41 607	660 480			660 480	729 679		69 199	110,5%	117,9%				617 287
<b>Total sources of capital funds</b>	<b>2 086 362</b>	<b>(695 170)</b>	<b>1 391 192</b>			<b>1 391 192</b>	<b>1 462 280</b>		<b>71 088</b>	<b>105,1%</b>	<b>70,1%</b>				<b>1 591 352</b>
<b>Cash flows</b>															
Net cash from (used) operating	1 036 020	81 830	1 117 850			1 117 850	1 466 878		349 027	131,2%	141,6%				1 467 295
Net cash from (used) investing	(2 086 362)	695 157	(1 391 205)			(1 391 205)	(1 435 219)		(44 014)	103,2%	68,8%				(1 641 203)
Net cash from (used) financing	677 964	(732 614)	(54 650)			(54 650)	(49 141)		5 510	89,9%	-7,2%				(54 396)
<b>Cash/cash equivalents at the year end</b>	<b>(372 378)</b>	<b>44 373</b>	<b>(328 005)</b>			<b>(328 005)</b>	<b>697 457</b>		<b>1 025 462</b>	<b>-21,2%</b>	<b>-18,3%</b>				<b>1 145 407</b>

**Financial Performance of Operational Services**

R '000

Description	2021/2022	2022/2023		2022/2023 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	1 223 162	804 628	1 301 546	1 084 984	25,84%	-19,96%
Waste Water (Sanitation)	496 463	384 296	581 252	456 301	15,78%	-27,38%
Electricity	2 778 199	3 093 837	2 744 968	2 700 606	-14,56%	-1,64%
Waste Management	526 106	466 222	556 619	538 279	13,39%	-3,41%
Housing	48 283	161 814	177 700	62 157	-160,33%	-185,89%
Component A: sub-total	5 072 213	4 910 797	5 362 085	4 842 327	-1,41%	-10,73%
Waste Water (Stormwater Drainage)	0	0	0	0	0,00%	0,00%
Roads	863 255	461 710	1 134 202	997 145	53,70%	-13,75%
PIU & Construction	29 927	41 336	31 002	30 886	-33,84%	-0,37%
Transport	97 850	80 719	65 399	127 390	36,64%	48,66%
Component B: sub-total	991 031	583 765	1 230 603	1 155 420	49,48%	-6,51%
Planning	86 402	88 388	72 114	95 074	7,03%	24,15%
Local Economic Development	184 332	322 856	301 660	151 203	-113,52%	-99,51%
Component B: sub-total	270 733	259 692	373 774	246 277	-5,45%	-51,77%
Libraries, Archives, Museums, Galleries, Community Facilities etc	190 474	159 530	173 116	224 881	29,06%	23,02%
Cemeteries and Crematoriums	90 654	87 941	84 830	92 165	4,58%	7,96%
Child Care, Aged Care, Social Programmes	0	0	0	0	0,00%	0,00%
Component C: sub-total	281 128	247 471	257 946	317 046	21,94%	18,64%
Pollution Control	0	0	0	0	0,00%	0,00%
Bio-Diversity, Landscape and Other	208 615	225 475	200 308	199 333	-13,11%	-0,49%
Component E: Environmental Protection - sub-total	208 615	225 475	200 308	199 333	-13,11%	-0,49%
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	49 301	54 720	49 801	49 412	-10,74%	-0,79%
Component F: Health - sub-total	49 301	54 720	49 801	49 412	-10,74%	-0,79%
Traffic Services & Law Enforcement	315 567	354 384	326 821	320 715	-10,50%	-1,90%
Fire	178 929	12 429	192 807	189 993	93,46%	-1,48%
Other ( Disaster Management, Animal Licencing and Control etc	5 303	7 012	5 355	5 238	-33,86%	-2,24%
Component G: Security and Safety - sub-total	499 799	373 825	524 983	515 946	27,55%	-1,75%
Sport and Recreation	100 951	101 743	107 701	105 173	3,26%	-2,40%
Component H: Sport and Recreation - sub-total	100 951	101 743	107 701	105 173	3,26%	-2,40%
Executive and Council	381 364	486 876	402 895	387 416	-25,67%	-4,00%
Financial Services	752 638	908 842	903 304	687 709	-32,15%	-31,35%
Human Resources Services	149 775	227 076	156 728	147 456	-54,00%	-6,29%
Information and Communication Technology	99 144	102 453	103 636	101 689	-0,75%	-1,91%
Property, Legal, Risk Management and Procurement Services	212 022	152 392	160 345	229 564	33,62%	30,15%
Component I: Policy Offices and Other sub-total	1 594 944	1 877 639	1 726 907	1 553 833	-20,84%	-11,14%
Other	132 356	83 730	99 713	98 250	14,78%	-1,49%
Component J: Other sub-total	132 356	83 730	99 713	98 250	14,78%	-1,49%
<b>Total Expenditure</b>	<b>9 201 071</b>	<b>8 718 857</b>	<b>9 933 822</b>	<b>9 083 019</b>	<b>4,01%</b>	<b>-9,37%</b>

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

## **COMMENT ON FINANCIAL PERFORMANCE:**

COMMENTS ON MATERIAL VARIANCES (SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS FINAL BUDGET):

### **REVENUE BY SOURCE**

Investment revenue

Interest rate on call investments and bank is more due to increase in repo rate in the current year which yields greater return on investments.

Transfers recognised – operational

The variance is mainly as a result of General Budget Support (GBS) European Union funding of R33 million that was set to be received by the Metro on behalf of BCMDA. The funds are only released after a submission of an application to National Treasury to claim the funds. In the 2022/2023, BCMDA never submitted the claim and therefore the R33 million could not be transferred as budgeted by the Metro. Furthermore, Neighbourhood Partnership Grant could not be fully spent as a result of lengthy procurement processes for procuring programme resources and difficulty in acquiring land for construction of buy back centres.

### **EXPENDITURE BY TYPE**

Debt Impairment

The primary reason for the variance is that the growth in debtors is less than in previous years due to the City stopping the implementation of the water punitive tariffs as resolved by Council.

Finance charges

The City has not taken any new loans that would attract finance costs. The current repayment contributes to a huge reduction in finance costs and increase in the capital portion repayment on the amortization schedule.

Transfers and grants

This variance is mainly a result of budget allocation to BCMDA and Border Kei Chamber of Business for the implementation of Public Employment Programme, to which only R2.4 million

was transferred to them due to delays in the implementation of the programme which resulted in low expenditure.

#### Other Expenditure

The variance is mainly caused by expenditure 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.

#### Surplus/(Deficit) for the year

The increase in billed debtors from 2022 has resulted in a commensurate increase in non-cash expenditure such as the contribution to debt impairment and depreciation.

#### Contributions recognised - capital & contributed assets

Donated electricity assets and furniture and equipment for Traffic Department and Library

#### Internally generated funds

Overperformance relates to projects that were initially funded by other sources of funding but due to unforeseen circumstances during the financial year these projects ended up being funded by internally generated funds.

#### CASH FLOWS

##### Net cash from (used) operating

The variance is mainly due to underperformance on sale of services for 2022/23. Factors contributing to this include increased unemployment. This continues to hamper collection of revenue for the City.

##### Cash / cash equivalents at the year end

The City's collection rate decreased in the year under review, however, expenditure continued to increase, more specifically on capital expenditure, thus Deeping into the invested reserves.

T5.1.3

## 5.2 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 R1.476 billion which is 82% of the budget of R1.203 billion

Operating Grant Performance						
R' 000						
Description	2021/2022	2022/2023		2022/2023 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>1 018 203</b>	<b>1 299 183</b>	<b>1 184 051</b>	<b>1 172 191</b>	<b>-11%</b>	<b>-1%</b>
Equitable share	936 811	1 045 448	1 045 448	1 045 448	0%	0%
Infrastructure Skills Development	8 183	11 600	11 578	11 464	-1%	-1%
Finance Management	924	1 000	979	979	-2%	0%
Expanded Public Works Programme Inc	7 300	10 728	10 728	10 727	0%	0%
Urban Settlement Development	49 063	44 785	44 185	44 185	-1%	0%
Public Transport Network Grant	-	-	-	-	0%	0%
Neighbourhood Development Grant	2 389	21 000	39 192	29 351	28%	-34%
Informal Settlement Upgrading Partnership Grant	4 592	18 359	18 166	16 262	-13%	-12%
Programme and Project Preparation Support Grant	8 941	146 263	13 776	13 775	-962%	0%
Integrated City Development Grant	-	-	-	-	0%	0%
<b>Provincial Government:</b>	<b>20 006</b>	<b>115 983</b>	<b>128 931</b>	<b>20 091</b>	<b>-477%</b>	<b>-542%</b>
Library Subsidy	15 870	15 870	15 870	15 870	0%	0%
Dept of Human Settlement	-	-	-	-	0%	0%
DEA - Waste Management (BCMDA)	-	-	-	-	0%	0%
Office of the Premier	-	-	-	-	0%	0%
PG EC - Seta Grant	4 136	-	-	4 221	0%	0%
Human Settlement Development Grant	-	100 113	113 061	-	0%	0%
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
State Health-Environmental	-	-	-	-	-	-
<b>Other grant providers:</b>	<b>61 678</b>	<b>31 598</b>	<b>163 586</b>	<b>11 289</b>	<b>-180%</b>	<b>-1349%</b>
Parent Municipality	42 574	-	111 662	(1 286)	0%	0%
Salaida/Gavle	191	-	190	156	100%	-22%
Glasgow	-	-	-	-	0%	0%
City of Oldenburg	-	-	-	-	0%	0%
European Union - BCMDA	14 472	31 598	33 137	-	0%	0%
LG SETA Grant - BCMDA	38	-	18 598	47	0%	0%
NDPG GRANT	4 403	-	-	12 372	0%	0%
<b>Total Operating Transfers and Grants</b>	<b>1 099 887</b>	<b>1 446 763</b>	<b>1 476 568</b>	<b>1 203 572</b>	<b>-20%</b>	<b>-23%</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national</i>						<i>T 5.2.1</i>



## 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 R0.732 billion which is 100% of R0.731 billion.

Capital Grant Performance						
Description	R' 000					
	2021/2022	2022/2023			2022/2023 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Capital Transfers and Grants</b>						
<b>National Government:</b>	<b>686 434</b>	<b>734 875</b>	<b>730 712</b>	<b>732 602</b>	<b>0%</b>	<b>0%</b>
Integrated National Electrification Programme	-	-	-	-	0%	0%
Electricity Demand Side Management	8 997	-	-	-	0%	0%
Infrastructure Skills Development	131	150	173	173	0%	0%
Finance Management	76	-	21	21	0%	0%
Urban Settlement Development	433 550	451 381	451 981	451 981	0%	0%
Public Transport Network Grant	-	-	-	-	0%	0%
Integrated City Development Grant	-	-	-	-	0%	0%
Informal Settlements Upgrading Partnership Grant	230 197	263 763	263 956	265 859	1%	1%
Neighbourhood Development Partnership Grant	12 998	19 581	14 581	14 568	0%	0%
Buffalo City Metro Transport (BCMET) Funding	485	-	-	-	0%	0%
Other transfers/grants [insert description]						
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Local Govt & Traditional Affairs	-	-	-	-	0%	0%
Local Govt & Traditional Affairs	-	-	-	-	0%	0%
Department of Public Works	-	-	-	-	0%	0%
Other transfers/grants [insert description]						
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
[insert description]						
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
Parent Municipality	-	-	-	-	0%	0%
BCMDA	-	-	-	-	0%	0%
<b>Total Capital Transfers and Grants</b>	<b>686 434</b>	<b>734 875</b>	<b>730 712</b>	<b>732 602</b>	<b>0%</b>	<b>0%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national						T 5.2.1

## **COMMENT ON TRANSFERS AND GRANTS:**

Note: For Urban Settlement Development Grant (USDG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see Appendix L.

### **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 2022/2023 financial year, the Metro had eight (8) 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 99% (R11.64 million) of its 2022/2023 ISDG adjusted budget of R11.75 million in the year under review.

### **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 R10.73 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 Border Kei Chamber of Business 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 & film production including performance.
3. Data capturers & 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 & 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.

#### **Programme and Project Preparation Support Grant (PPPSG)**

To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of growing level of municipal resources to preparation activities. The Metro spent 100% R13.78 million of its 2022/2023 PPPSG budget in the year under review.

#### **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 100% (R496.17 million) of its 2022/2023 USDG budget of R496.17 million in the year under review.

### Informal Settlement Upgrading Partnership Grant

To provide funding for problematic inclusive and municipality-wide approach to upgrading informal settlements. The Metro spent 100% (R282.12 million) of its 2022/2023 ISUPG budget of R282.12 million in the year under review.

### 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 75% (R29.35 million) of its 2022/2023 NDPG adjusted budget of R39.19 million in the year under review. Low expenditure can be attributed to lengthy procurement processes for procuring programme resources and difficulty in acquiring land for construction of buy back centres.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2021/2022,	Actual Grant 2022/2023	Year 2022/2023 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
Department of Human Settlements	34 274	36 924	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
<b>Foreign Governments/Development Aid Agencies</b>						
Salaida/ Gavle	191	-	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)	4 136	4 221	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.

### Salaida/ 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.

### Application of rollover on conditional grants

BCMM applied to National Treasury for the rollover of R13.11 million for Neighbourhood Development Partnership Grant (Public Employment Programme).

T5.2.4.

### **5.3 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 21 staff members, and 15 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 in progress 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.

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 2022/2023				
Asset 1				
Name	Property, Plant, Equipment			
Description	Roads Provision			
Asset Type	Roads			
Key Staff Involved	Engineering and Infrastructure			
Staff Responsibilities	Monitor and maintain			
	2019/2020	2020/2021	2021/2022	2022/2023
Asset Value	129 387 029	75 310 085	82 367 822	38 500 000
Capital Implications	Road network			
Future Purpose of Asset	Transport use			
Describe Key Issues	None			
Policies in Place to Manage Asset	movable Asset management policy			
Asset 2				
Name	Property, Plant, Equipment			
Description	Bulk Electricity Provision			
Asset Type	Electricity			

Key Staff Involved	Senior Development Technicians & Senior Contracts Technicians			
Staff Responsibilities	Developing Specifications and Project Management			
Asset Value	2019/2020	2020/2021	2021/2022	2022/2023
	93 637 583	87 376 595	91 684 280	102 112 787
Capital Implications	Allow for further growth			
Future Purpose of Asset	To ensure a stable and reliable electrical Network			
Describe Key Issues	Illegal connections			
Policies in Place to Manage Asset	Asset Management policy and Asset Management Plans			
<b>Asset 3</b>				
Name	Property, Plant, Equipment			
Description	Smart Metering Solutions - Water & Electricity			
Asset Type	Water and Electricity meters			
Key Staff Involved	Infrastructure Services (Water and Electricity ) and Revenue Management Billing			
Staff Responsibilities	Monitor and maintain			
Asset Value	2019/2020	2020/2021	2021/2022	2022/2023
	52 308 364	66 393 518	186 155 884	64 005 939
Capital Implications	Smart Meters			
Future Purpose of Asset	Billing of consumers consumers services			
Describe Key Issues	Vandalism			
Policies in Place to Manage Asset	Asset management Policy, Credit policy			
				T 5.3.2



## **COMMENT ON ASSET MANAGEMENT:**

The negative economic conditions put a lot pressure on the ageing 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 continue 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 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 ERP 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: 2022/2023				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	446 130	472 433	445 308	6%
				T 5.3.4

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

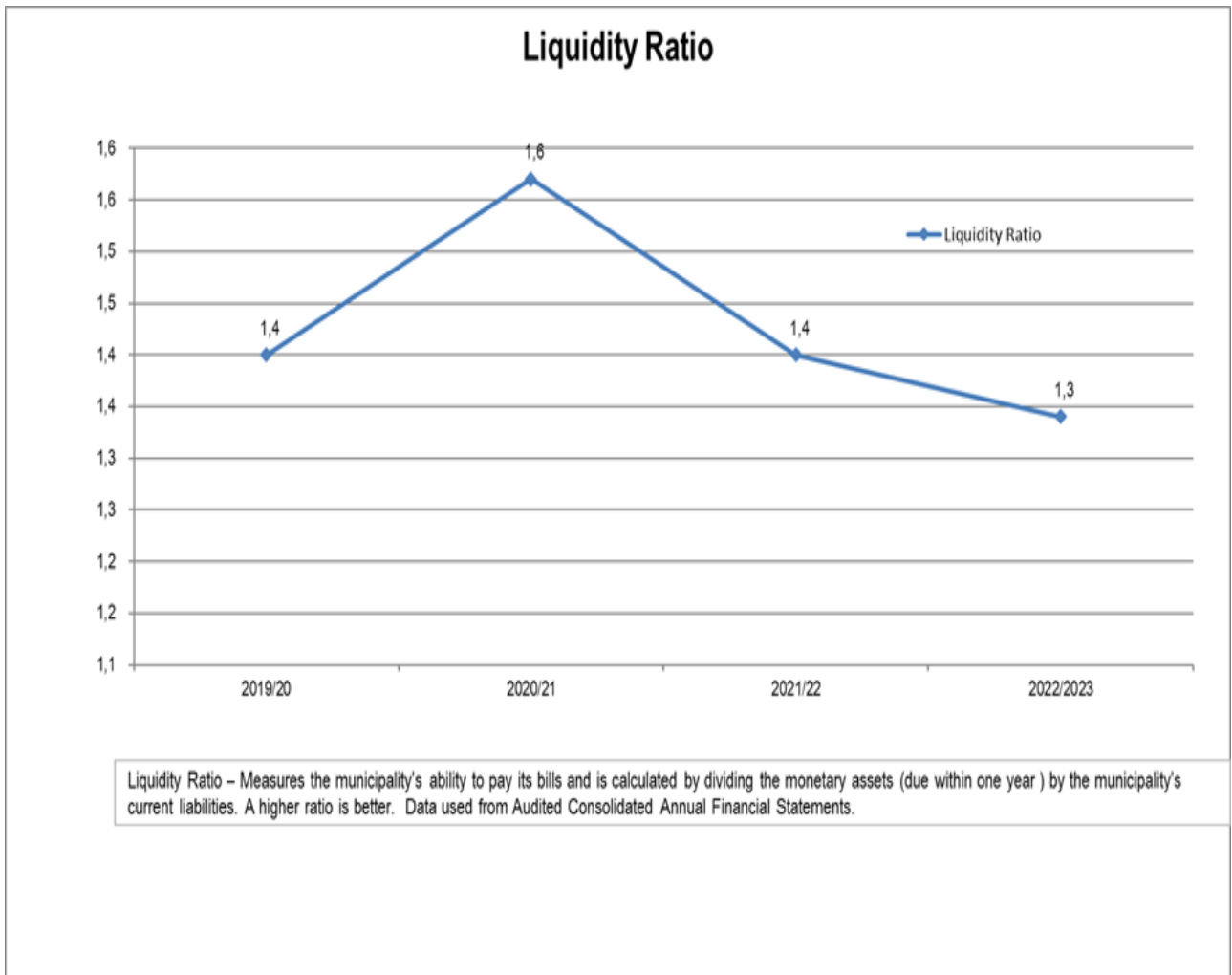
BCMM has consistently on average spent an average of 90% of its repairs and maintenance Budget. However, contrasting the adequate expenditure to the conditional assessment of the movable and movable assets, the current repairs and maintenance expenditure and budget reflect that the amount allocated for repairs and maintenance is not sufficient to ensure that assets do not depreciate at accelerated rates. The City has consistently budgeted an average of 4% to 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 2022/2023 financial year, the City allocated R0.859 billion in the upgrading and renewal programme that complements the repairs and maintenance.

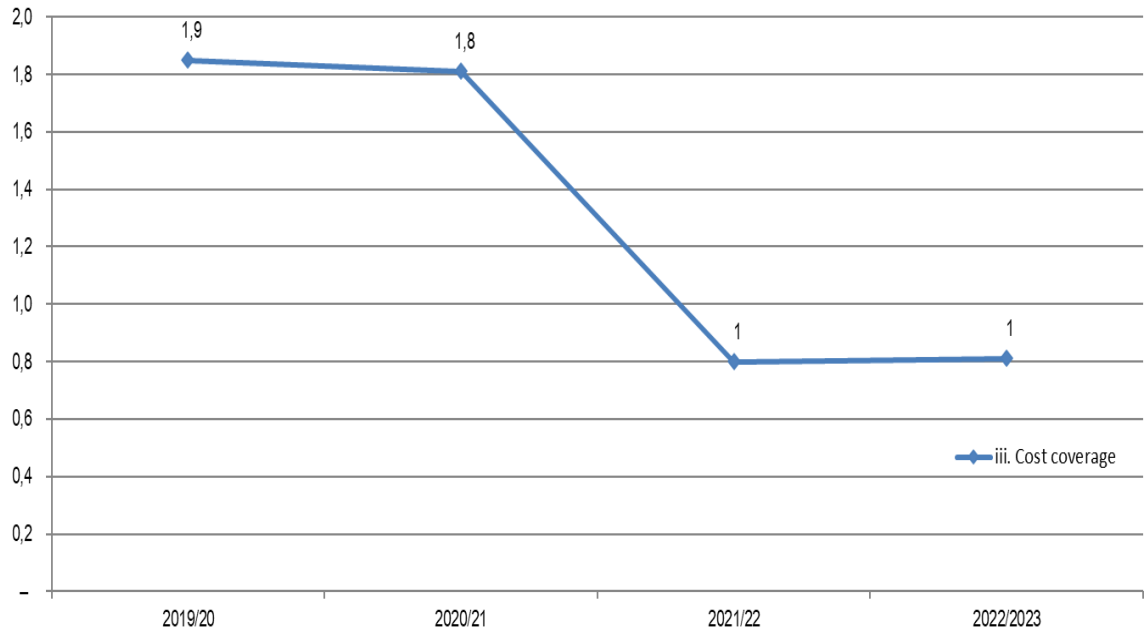
T 5.3.4.1

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



T 5.4.1

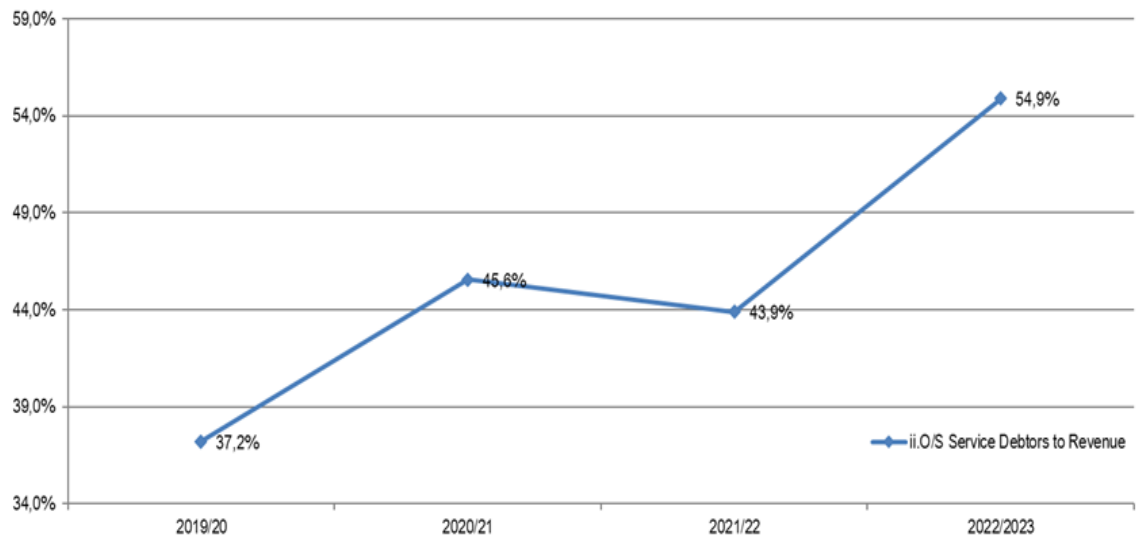
## Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated as follows:  $(\text{Available cash} + \text{Investments}) / \text{monthly fixed operational expenditure}$ . Data used from Audited Consolidated Annual Financial Statements.

T 5.4.2

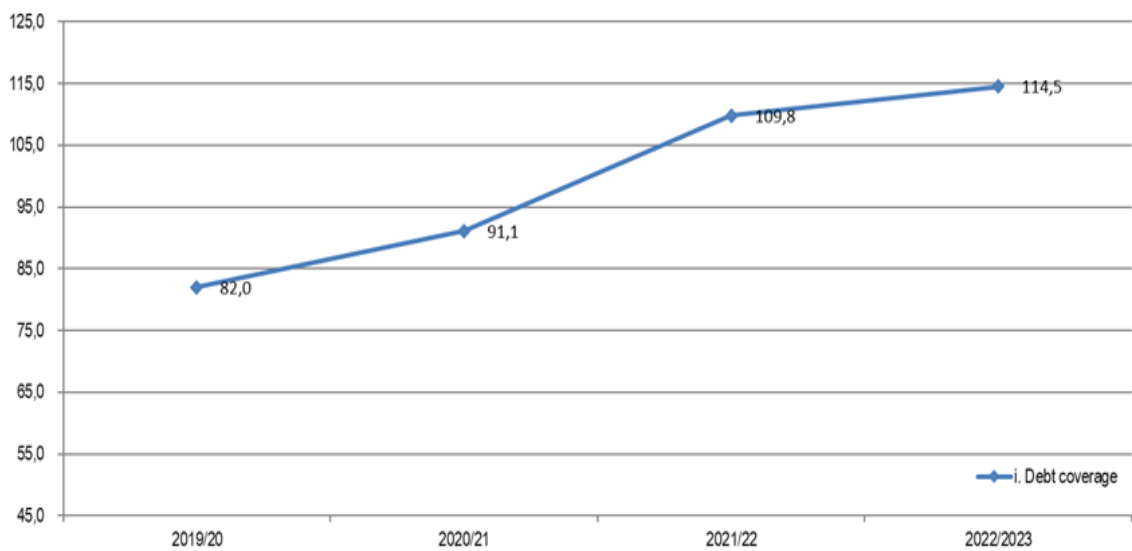
### Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better. Data used from Audited Consolidated Annual Financial Statements.

T 5.4.3

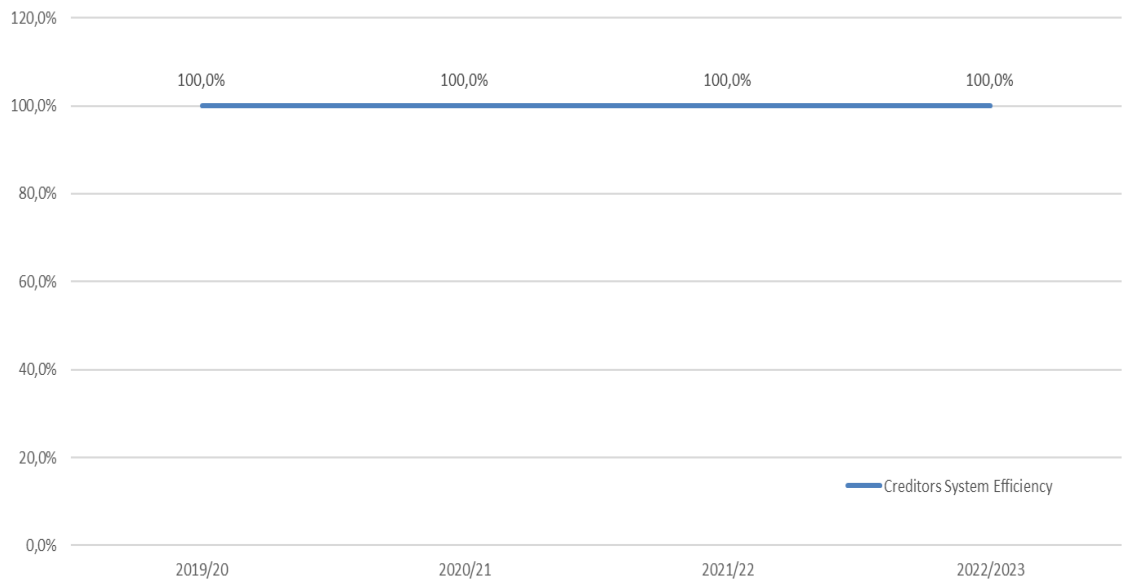
### Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality. Data used from Audited Consolidated Annual Financial Statements.

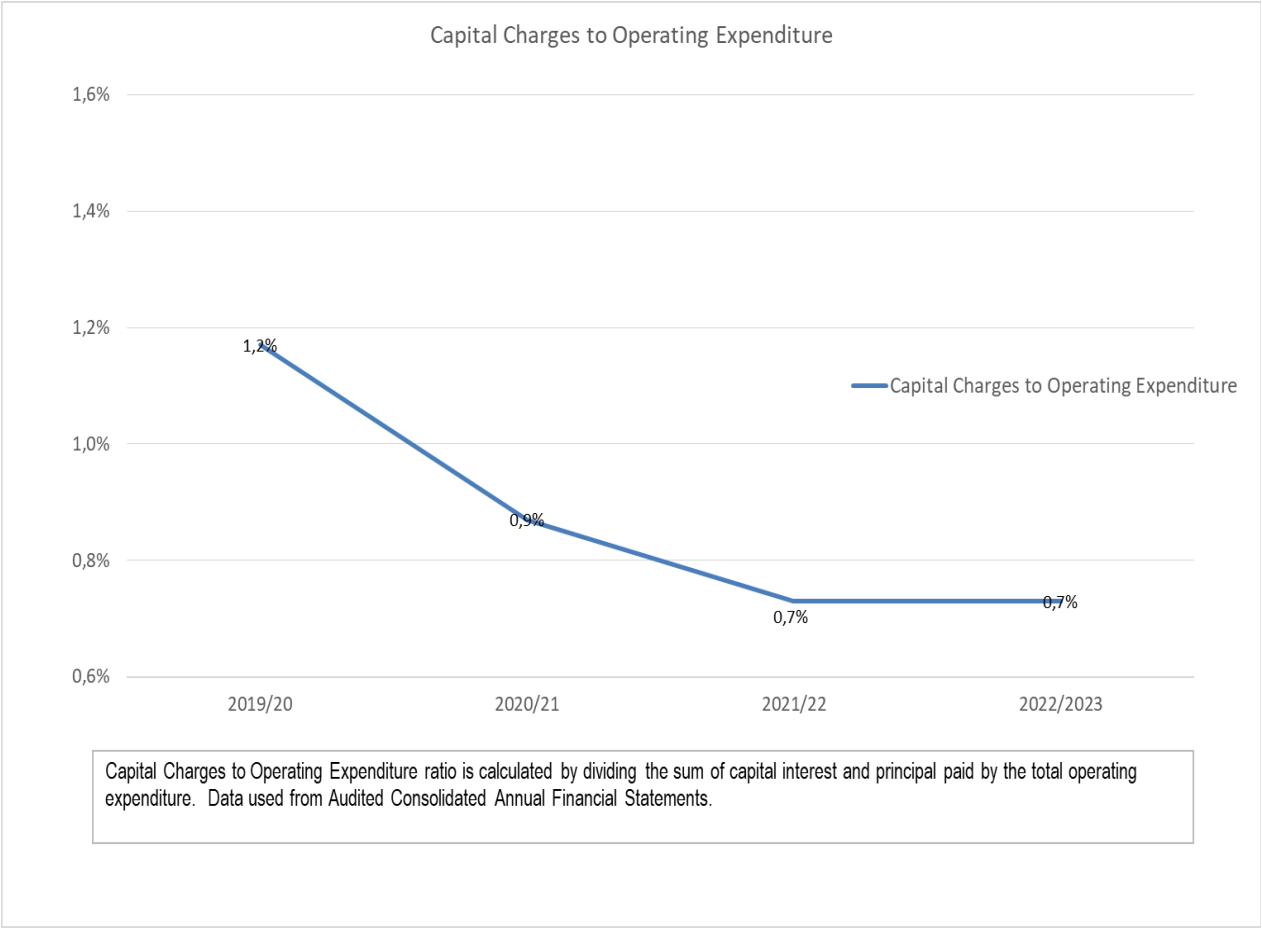
T 5.4.4

### Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases. Data used from Audited Consolidated Annual Financial Statements.

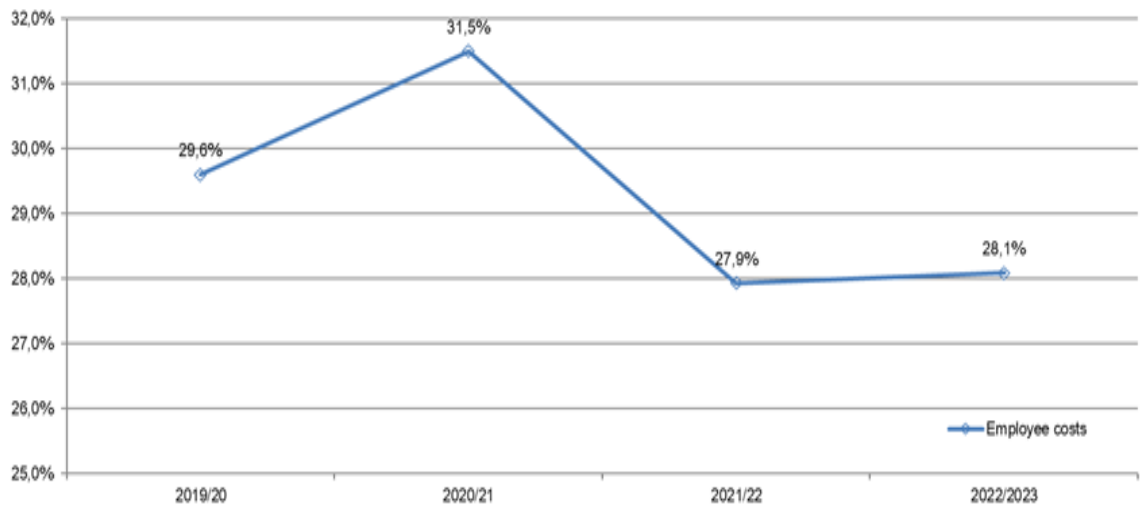
T 5.4.5



T 5.4.6

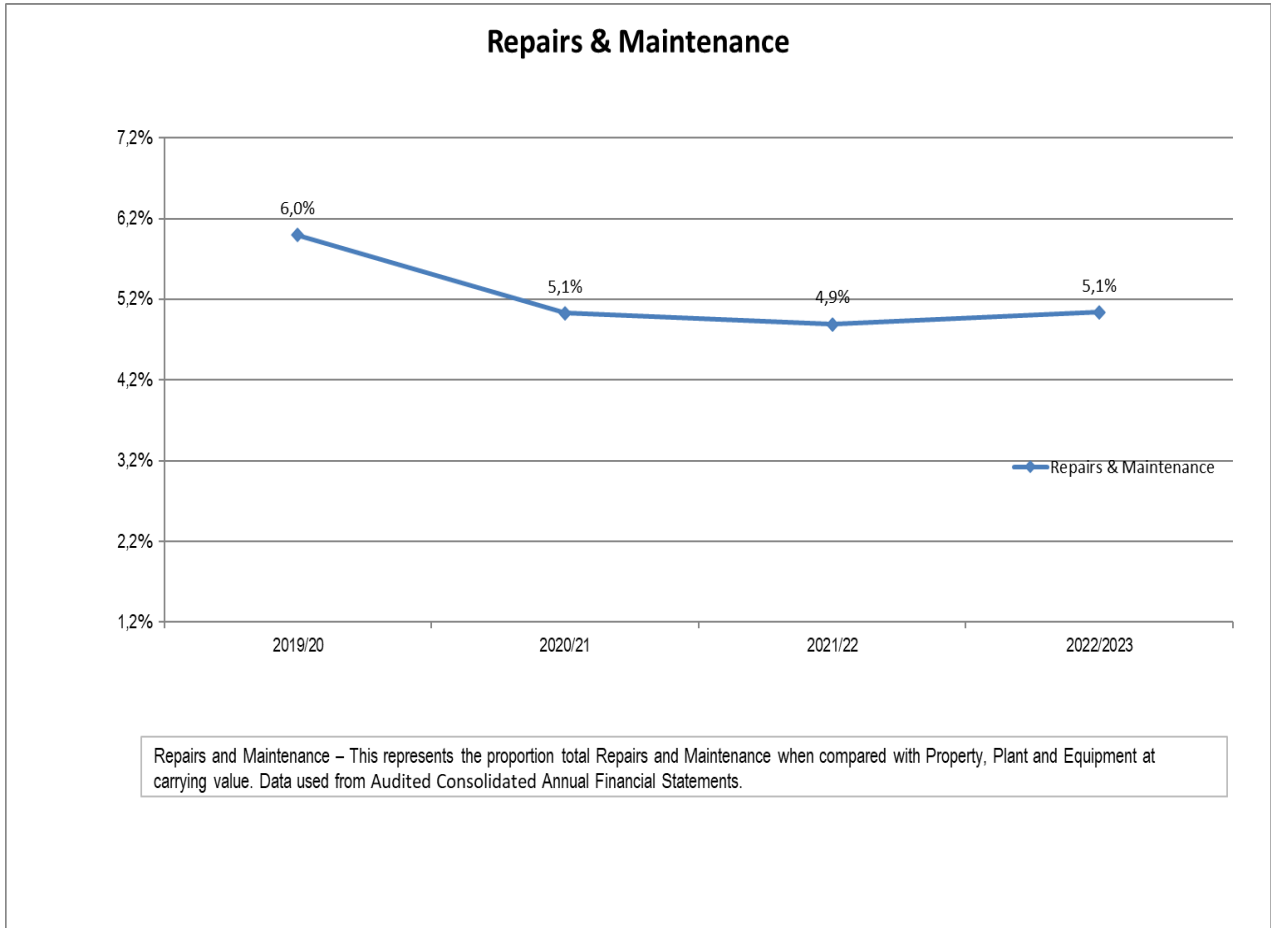


### Employee Costs



Employee cost – Measures what portion of the expenditure was spent on paying employee costs. It is calculated by dividing the total employee cost by the total operating expenditure. Data used from Audited Consolidated Annual Financial Statements.

T 5.4.7



T 5.4.8

**COMMENT ON FINANCIAL RATIOS:**

**Liquidity Ratio:** The rate of 1.3:1 is regarded as being below 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 0.8 month and is below the National Treasury norm of between 1 - 3 months.

**Total Outstanding Service Debtors:** The rate of outstanding service debtors is currently at 54.9%. 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 2023. This indicates that the Metro's long-term debt is decreasing and is due to the City not taking up additional loan funding during 2022/2023 financial year. The City has capacity to take on additional financing from borrowing to invest in infrastructure projects, however, due to weak economic performance as well as a weak collection rate, the process for additional loans is undertaken with caution.

**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 0.7% in 2022/2023 financial year. The City has capacity to take on additional financing from borrowing to invest in infrastructure projects, however, due to weak economic performance as well as a weak collection rate, the process for additional loans needs to be undertaken with caution.

**Employee Costs as a percentage of Operating Expenditure:** The rate of 28.1% 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 is at 5.1%. 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 R1.391 billion of which R1.462 billion (inclusive of vat) which equates to 105% was spent. Own funded projects had a budget of R0.660 billion and R0.729 (110%) of the budget was spent. Grant funded projects had a budget of R0.731 billion and R0.732 billion which equates to 100% was spent.

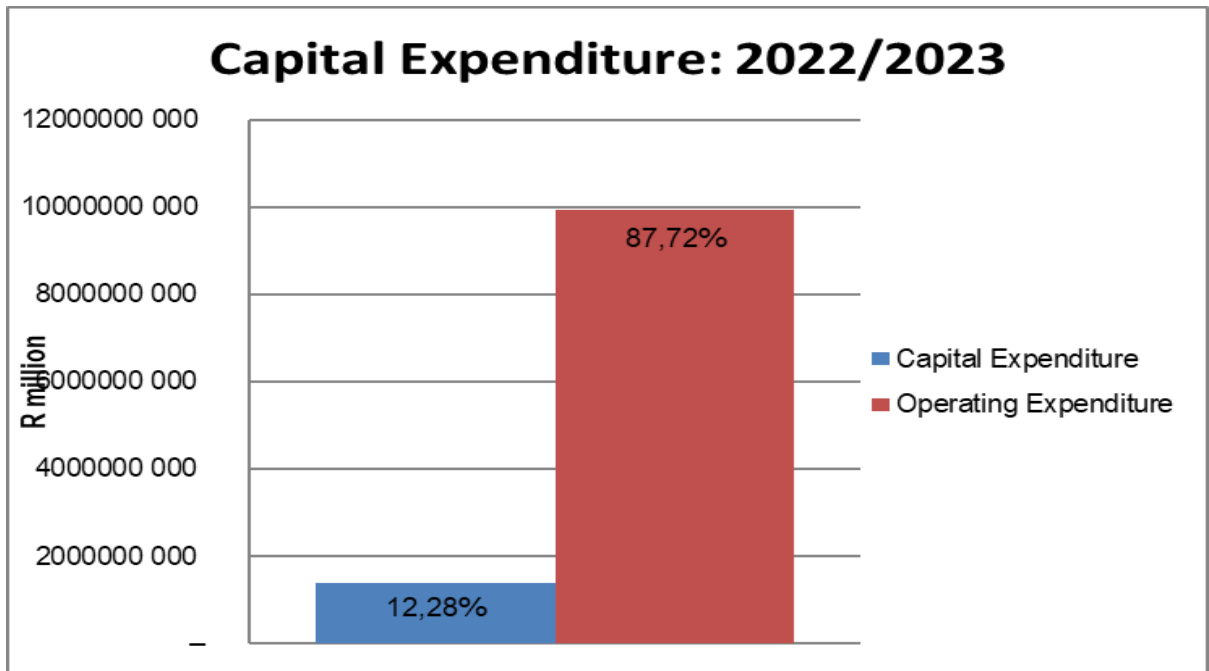
Renewal of existing assets represent 62% (R0.858 billion) of the total capital budget while new assets equates to 38% (R0.533 billion) in the 2022/2023 financial year.

The 5 largest capital projects of the City in the 2022/2023 financial year were the following:

- a) Sleeper Site Road: the project was allocated 2% of the City's capital budget.
- b) Rural Roads: the project was allocated 2% of the City's capital budget.
- c) Roads Provision: the project was allocated 3% of the City's capital budget.
- d) Bulk Electricity Infrastructure Upgrade: the project was allocated 5% of the City's capital budget.
- e) Smart Metering Solutions - Water and Electricity: the project was allocated 5% of the City's capital budget.

T 5.5.0

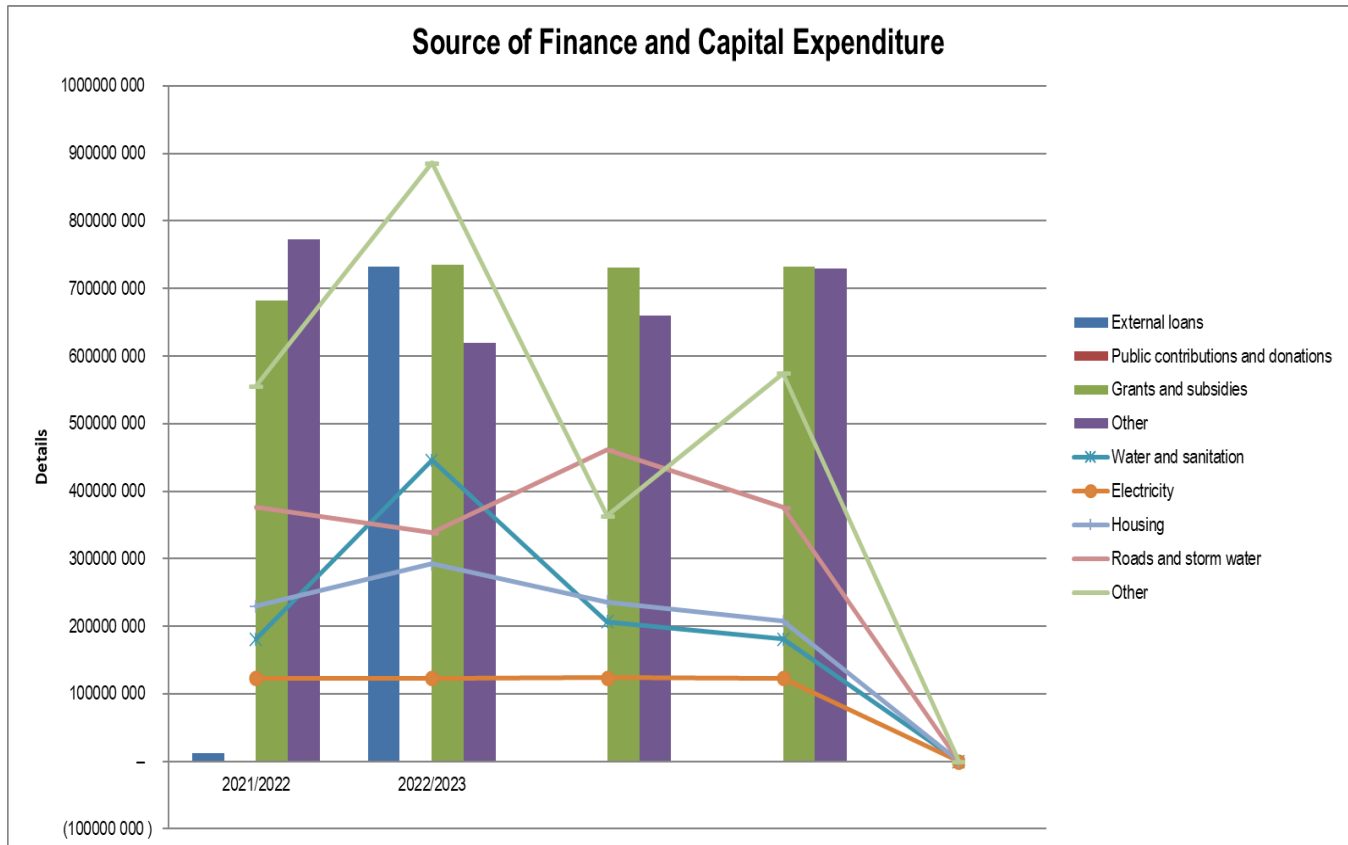
## 5.5 CAPITAL EXPENDITURE



T 5.5.1

## 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2021/2022 to 2022/2023							R' 000
Details	2021/2022	2022/2023					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans	11 727	732 614	-	-	-100,00%	-100,00%	
Public contributions and donations	-	-	-	-	0,00%	0,00%	
Grants and subsidies	681 730	734 875	730 712	732 602	-0,57%	-0,31%	
Other	772 166	618 873	660 480	729 679	6,72%	17,90%	
<b>Total</b>	<b>1 465 623</b>	<b>2 086 362</b>	<b>1 391 192</b>	<b>1 462 280</b>	<b>-93,84%</b>	<b>-82,40%</b>	
<i>Percentage of finance</i>							
External loans	0,8%	35,1%	0,0%	0,0%	106,6%	121,4%	
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Grants and subsidies	46,5%	35,2%	52,5%	50,1%	0,6%	0,4%	
Other	52,7%	29,7%	47,5%	49,9%	-7,2%	-21,7%	
<b>Capital expenditure</b>							
Water and sanitation	180 976	445 950	206 943	180 976	-53,60%	-59,42%	
Electricity	123 361	123 420	124 009	123 361	0,48%	-0,05%	
Housing	229 670	292 385	235 846	207 333	-19,34%	-29,09%	
Roads and storm water	376 032	338 290	461 180	376 032	36,33%	11,16%	
Other	555 583	886 317	363 214	574 577	-59,02%	-35,17%	
<b>Total</b>	<b>1 465 623</b>	<b>2 086 362</b>	<b>1 391 192</b>	<b>1 462 280</b>	<b>-95,15%</b>	<b>-112,57%</b>	
<i>Percentage of expenditure</i>							
Water and sanitation	12,3%	21,4%	14,9%	12,4%	56,3%	52,8%	
Electricity	8,4%	5,9%	8,9%	8,4%	-0,5%	0,0%	
Housing	15,7%	14,0%	17,0%	14,2%	20,3%	25,8%	
Roads and storm water	25,7%	16,2%	33,1%	25,7%	-38,2%	-9,9%	
Other	37,9%	42,5%	26,1%	39,3%	62,0%	31,2%	
						T 5.6.1	



#### COMMENT ON SOURCES OF FUNDING:

The City had a total budget of R11.325 billion of which R1.391 billion (12.28%) was allocated towards the City's capital budget. The City spent R1.462 billion inclusive of vat of its capital budget which equates to 105%.

Own funded projects had a budget of R0.660 billion and R0.729 billion (110%) of the budget was spent. Grant funded projects had a budget of R0.731 billion and R0.732 billion which equates to 100% was spent. Government Grants and subsidies continue to comprise the most significant portion of the funding utilized for capital expenditure.

The municipality is using the revaluation method to account for its assets and this allows the municipality to raise funding through depreciation for renewal and refurbishment of existing assets. This assists the municipality to contributing towards capital budget funding.

T 5.6.1.1

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2022/2023			Variance: Current 2022/2023	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
A - Sleeper Site Road	25 000	34 320	34 320	-37%	-37%
B - Rural Roads	29 030	29 195	29 195	-1%	-1%
C - Roads Provision	38 500	39 839	39 837	-3%	-3%
D - Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	102 113	66 789	66 789	35%	35%
E - Smart Metering Solutions - Water & Electricity	228 714	64 006	212 466	7%	72%
* Projects with the highest capital expenditure in Year 2019/2020					
<b>Name of Project - A</b>	<b>Sleeper Site Road</b>				
Objective of Project	Improve traffic flow and road safety				
Delays	Adjoining side streets deterioration requiring different treatment				
Future Challenges	Availability of funds to maintain the road once the design life of 20 years has expired.				
Anticipated citizen benefits	Improved road safety and lesser travel times				
<b>Name of Project - B</b>	<b>Rural Roads</b>				
Objective of Project	To rehabilitate existing rural roads in BCMM				
Delays	None				
Future Challenges	This is an ongoing project aimed at improving the condition of roads infrastructure in BCMM. It				
Anticipated citizen benefits	All the residents of BCMM				
<b>Name of Project - C</b>	<b>Roads Provision</b>				
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				
<b>Name of Project - D</b>	<b>Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)</b>				
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.				
<b>Name of Project - E</b>	<b>Smart Metering Solutions - Water &amp; Electricity</b>				
Objective of Project	Installation of Smart Meters				
Delays	There are no delays except the fact that the project was put on hold until the finalization of				
Future Challenges	Budget on Electricity component				
Anticipated citizen benefits	During the campaign citizens will be educated on how to view their water and electricity consumption to be able to manage their consumption				

T 5.7.1

### COMMENT ON CAPITAL PROJECTS:

Sleeper Site Road- The budget was adjusted upwards from R25 million to R34 million resulting in a increase amounting to R9 million. The actual expenditure when compared to adjusted budget equates to 100%.



Rural Roads - The adjusted budget has remained the same at R29 million from the original budget. The actual expenditure when compared to the budget equates to 100%.

Roads Provision - The adjusted budget has remained the same at R38 million from the original budget. The actual expenditure when compared to adjusted budget equates to 100%.

Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue) - The budget was adjusted downwards from R102 million to R66 million resulting in a decrease amounting to R36 million. The actual expenditure when compared to adjusted budget equates to 100%.

Smart Metering Solutions - Water and Electricity - The budget was adjusted downwards from R228 to R64 million resulting in a decrease amounting to R164 million. The actual expenditure when compared to adjusted budget equates to 332%.

T 5.7.1.1

## **5.8 INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS**

### **Electricity Services**

The Department is responsible for universal access to electricity as a key basic service to residents and implements electrification to RDP houses through the Department of Energy funding. The institution provides a minimum of 40 amps to all RDP service connections within the Municipal area of supply, above the Department of Energy's requirement of 20 amps.

The Electricity and Energy Department request a list from Human settlement of the housing projects that have been completed in the previous year to be forwarded so they can be scheduled for electrification.

The department implements informal electrification in line with a council resolution. Informal dwellings within the BCMM area of supply receive the same service as a formal RDP household. All the low hanging fruit projects in terms of informal electrification have been implemented, BCMM have approved a Standard Operating Procedure that aims to speed up the electrification of informal areas, there are some issues that need to be resolved so that al

legal requirements can be met. A task team is working on the issues to resolve them as quickly as possible so projects can be implemented.

### **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.

### **Waste Management**

The City experiences a backlog on refuse collection due to migration of people towards urban settlements, relocations and disaggregation of families. Collection of two (2) refuse bags per household is a norm, however, due to the above-mentioned factors, waste volumes are increased as a result more refuse bags are generated which causes frequent disposal to the landfill site.

Frequent disposal of waste takes toll on the wear and tear of refuse trucks resulting to breakdowns which contribute to the increase of refuse collection backlogs.

The City addressed the above-mentioned challenges in the current financial year through the following interventions:

- a) Procurement of additional fleet in 2022/2023 financial year in order to continuously improve on waste management services to the communities.
- b) Establishment of three shift system which enhanced the quality of services provided to the communities.
- c) Regular distribution of refuse bags to informal and formal households

d) Implementation of weekly refuse collection services as part of ensuring maximum cleanliness throughout the City.

## **Housing**

BCMM has ± 114 500 prospective beneficiaries contained in the National Housing Needs Register (NHNR). These potential/prospective beneficiaries will be registered and captured in the NHNR system and thereafter they will wait until land and budget is made available by those in Authorities 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 R3 million over the MTREF for a review of the informal settlement study. The project will be executed in 2023/24 financial year.

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 provide houses to everyone, as the Municipality is depending on the budget provided by Provincial Department of Human Settlements, National Treasury through USDG and the availability of well-located strategic suitable land.

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. The 150h of land could yield to ± 5 000 RDP/BNG housing units and that could make a significant dent to the housing backlog in BCMM.

However, it has been a challenge meeting the need due to various constraints such lack of enough budget, cooperation and synergy between Human Settlements and Spatial Planning and Development directorates.

T5.8.1.

<b>Service Backlogs as at 30 June 2023</b>				
<b>Households (HHs)</b>				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	250 530	99%	2 947	1%
Sanitation	246 692	97%	8 435	3%
Electricity	186921	83,48%	37000	16,52%
Waste management	223568	100%	0	0%
Housing	114 500	0.63%	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 2022/2023 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
AMENITIES	15 500	6 914	6 993	0%	-1%	<p>□ A minimum of 50 per cent of the USDG allocation 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.</p> <p>□ Metros must submit an annual BEPP, USDG performance matrix and SDBIP aligned to the IDP, to the National Department of Human Settlements and National Treasury.</p>
ELECTRICITY	10 000	8 985	8 985	10%	0%	
HUMAN SETTLEMENTS	113 229	106 790	107 541	5%	-1%	
LOCAL ECONOMIC DEVELOPMENT	18 761	15 210	15 210	19%	0%	
ROADS	143 011	162 649	162 569	-14%	0%	
SUPPORT SERVICES	14 885	13 532	13 532	9%	0%	
TRANSPORT PLANNING	60 000	63 232	62 897	-5%	1%	
WASTE MANAGEMENT	10 300	14 910	14 526	-41%	3%	
WASTE WATER	44 000	40 989	40 989	7%	0%	
WATER	66 480	62 955	62 922	5%	0%	
<b>Total</b>	<b>496 166</b>	<b>496 166</b>	<b>496 166</b>	<b>0%</b>	<b>0%</b>	
<p>* 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.</p>						

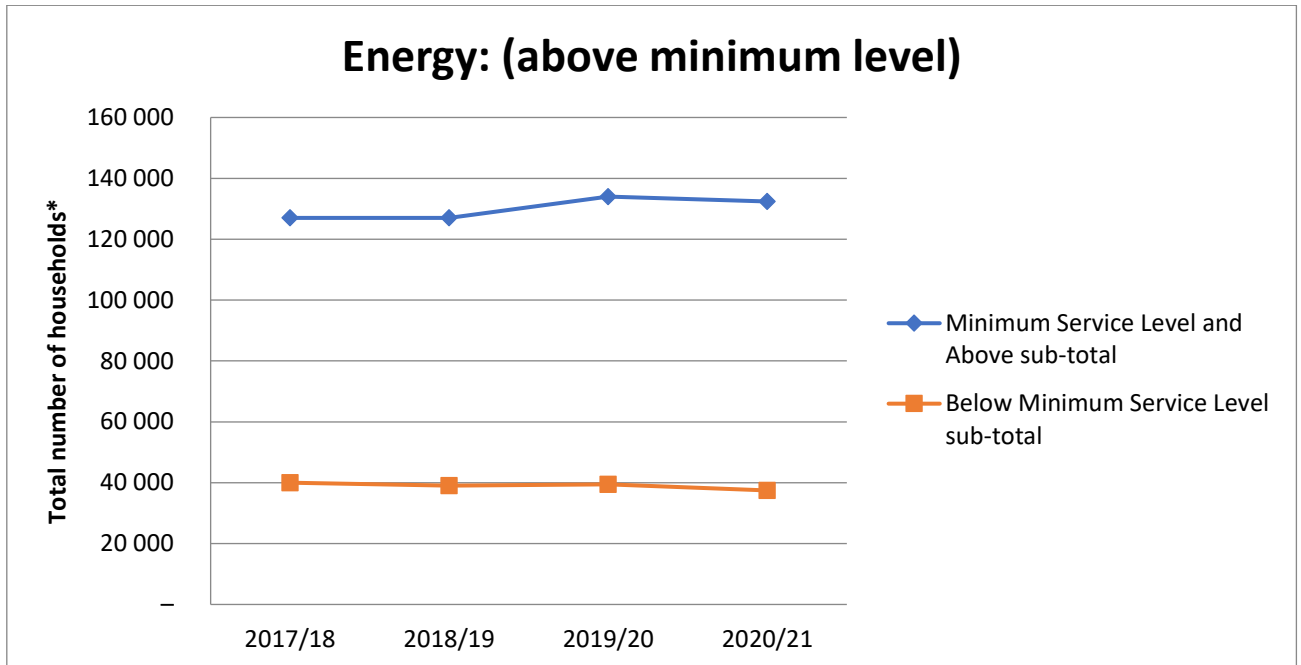
T 5.8.3

## COMMENT ON BACKLOGS

### Electricity

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 500 and 1000 which remain un-electrified for a short period of time.

Since 2012 BCMM have implemented electrification projects in informal settlements the original backlog of informal dwellings was estimated at 45 000 over the years this has been reduced to 37000. Note: Due to land invasion and expansion of informal settlements this is a very low estimate as the number grows daily.



ESKOM 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 guideline of having a formal layout plan.

### Water and Sanitation

BCMM constantly delivers bulk water services to accommodate all residents of the city. During the year under review, the city has provided 99% of households with water supply services across all BCMM wards. This leaves the water supply backlogs at 1 percent, translating to 250 530 households having access to the basic level of water supply services.

The percentage of households with access to sanitation services has improved to 97 percent in the year under review, from 96 percent in the previous year. This translates to 3% backlog of households without access to sanitation services meeting minimum standards. 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 circumstances inherited from the Transitional Local Councils, increasing population, and the village extensions. However, the city is making strides to address such backlogs.

## **Waste Management**

BCMM provides solid waste removal services to all urban households (223 568) which is made up of formal (157 391) and informal (63 942) households. 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.

## **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 2021/22 financial year the housing backlog was 110 400, the number was up to 114 500 in 2022/23 financial year.

T5.8.4.

## **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



## 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2021/22	Current: Year 2022/23		
	Restated	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Property rates, penalties & collection charges	1 375 151	1 577 897	1 577 897	1 791 370
Service charges	2 944 978	3 421 416	3 426 085	3 766 315
Other revenue	1 053 718	967 444	964 660	(97 339)
Government - operating	1 057 255	1 301 395	1 443 206	1 212 167
Government - capital	688 929	733 699	708 459	732 602
Interest	209 646	130 828	131 074	262 739
Dividends	–			–
Payments				
Suppliers and employees	(6 117 694)	(6489 344)	(6 430 839)	(6 092 945)
Finance charges	(20 684)	(59 936)	(20 689)	(16 075)
Transfers and Grants	(127 078)	(161 059)	(150 932)	(91 955)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 064 221</b>	<b>1 422 341</b>	<b>1 648 922</b>	<b>1 466 878</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of PPE	1 380	–	–	12 665

Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(1 468 361)	(1 803 592)	(1 598 261)	(1 447 884)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(1 466 981)</b>	<b>(1 803 592)</b>	<b>(1 598 261)</b>	<b>(1 435 219)</b>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	368 370	35 311	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(45 191)	(50 892)	(46 841)	(49 141)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(45 191)</b>	<b>317 478</b>	<b>(11 530)</b>	<b>(49 141)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(447 950)</b>	<b>(63 772)</b>	<b>39 131</b>	<b>(17 482)</b>
Cash/cash equivalents at the year begin:	1 145 407	1 373 606	1 375 758	697 457

Cash/cash equivalents at the year end:	697 457	1 309 833	1 414 889	679 975
Source: MBRR A7				T 5.9.1

**COMMENT ON CASH FLOW OUTCOMES:**

The net cash flows used in operating activities have increased significantly from R 1.064 billion when compared with R 1.466 billion at 30 June 2023. The main contributing factor is Property rates and Service charges which have increased when in compared to the 2021/2022 financial year.

Cash flow from investing activities have decreased when comparing R 1.466 billion to R 1.435 billion at 30 June 2023.

The cash flow summary clearly indicates the decrease in Cash and Cash Equivalent at year-end from R 0.697 billion to R 0.679 billion at 30 June 2023. The net impact is a decrease in cash and cash equivalents at year end.

T 5.9.1.1

**5.10 BORROWING AND INVESTMENTS**

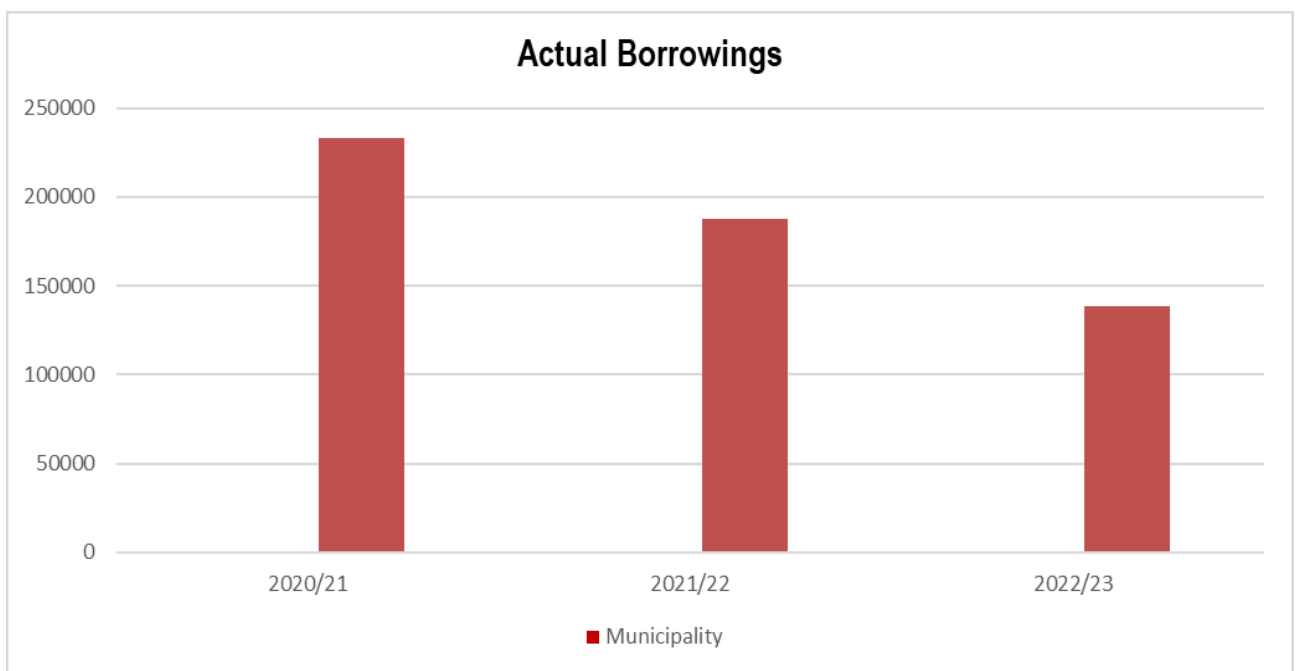
**INTRODUCTION TO BORROWING AND INVESTMENTS**

The City's current loans balance total R0.138 billion as outstanding when compared with R0.187 billion for 2021/2022. 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 has capacity to take on additional financing from borrowing to invest in infrastructure projects, however, due to weak economic performance as well as a weak collection rate, the process for additional loans is undertaken with caution.

T 5.10.1

Actual Borrowings: 2020/2021 - 2022/2023			
R' 000			
Instrument	2020/21	2021/22	2022/23
Municipality			
Long-Term Loans (annuity/reducing balance)	233 185	187 994	138 853
Municipality Total	233 185	187 994	138 853

T 5.10.2



T 5.10.3

Municipal and Entity Investments			
R' 000			
Investment* type	2020/21	2021/22	2022/23
	Actual	Actual	Actual
Municipality			
Deposits - Bank	1 145 407	697 457	679 975
Consolidated total:	1 145 407	697 457	679 975
			T 5.10.4

## **COMMENT ON BORROWING AND INVESTMENTS:**

The City's investments held with financial institutions have decreased from R 6.97 billion to R 0.679 billion in 2022/2023. The Metro has not taken up new loan funding during 2022/2023.

T 5.10.5

### **5.11 PUBLIC PRIVATE PARTNERSHIPS**

No Public Private Partnerships (PPP) concluded during the year under review.

T 5.11.1

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.12 SUPPLY CHAIN MANAGEMENT SUPPLY CHAIN MANAGEMENT**

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

The revised BCMM Supply Chain Management Policy in April 2022 had to ensure that it complies with the recent Constitutional court ruling on procurement regulations 2017, which were found to be unconstitutional. Therefore, SCM Department embarked in a process of reviewing the existing BCMM Supply Chain Management Policy to attend to all areas identified in the court ruling.

Notably, the Supply Chain Management Policy Review that has been undertaken in the 2022/23 financial year reflects the following amendments:

*1. BCMM SCM Policy was amended in line with Constitutional Court Judgement which ruled that SCM regulation of 2017 were deemed unconstitutional. The Metro will apply a preference*

*point system for exempted Micro and B-BBEE Contributors in terms of the BBEE Act 53 of 2003 and Preferential Procurement Policy Framework Act, Act No.5 of 2000.*

## **PREFERENTIAL PROCUREMENT**

2. The following procurement strategies are addressed in this section:

- (a) The application of a preference point system for the **specified goals** envisaged in section 2(1)(d) and (e) of the PPPFA, through B-BBEE Contributors and locality.
- (b) The unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities is made available to suppliers of various sizes.
- (c) The use of functionality/quality, where appropriate, in procurement processes to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of suppliers is attained.
- (d) The increase of employment opportunities by encouraging the use of labour-intensive technologies.
- (e) Continue to redress the skewed employment and ownership patterns in the greater municipal area.
- (f) Achieve the above by providing procurement and employment opportunities to B-BBEE- and SMME enterprises and disadvantaged individuals and communities.

### **Aim**

4. The aim of this section is to give effect to and to ensure compliance with all applicable legislation and national directives in respect of preferential procurement and B-BBEE.

### **Performance Management**

5. The level of B-BBEE contribution and localisation achieved by Buffalo City through the application of this policy will be monitored in terms of the supply chain management performance management system.

A tenderer failing to submit proof of required evidence to claim preferences for other specified goals, which is in

line with section 2(1)(d)(ii) of the PPPFA:

- (a) May not be disqualified.
- (b) Scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.

- The preference points scored by a tenderer must be added to the points scored for price.
- The points scored must be rounded off to the nearest two decimal places
- The contract must be awarded to the tenderer scoring the highest points, subject to section 2(1)(f) of the PPPFA.

### **Demand Management**

Buffalo City Metropolitan Municipality adopted a new way of transacting with suppliers by means of the Electronic Procurement System (eProcurement) and this system was implemented to automate SCM processes as it's cost and time efficient. This allows fairness and transparency to BCMM suppliers. The eProcurement System went live in 2019. In 2020, roadshows were held which turned out very informative for the suppliers in attendance., The roadshows served to inform service providers about the innovative way of transacting with BCMM by means of the eProcurement. Subsequent to the roadshows, suppliers arrived in numbers to register on the BCMM database (Vendor Portal) requesting to conduct business with BCMM.

It has however come to our attention that a bulk of suppliers are still misinformed about the benefits of eProcurement and the business opportunities it brings. Furthermore, there are active suppliers on Vendor Portal who require training on how to respond to Request for Quotations (RFQ's). The need for roadshows is of paramount importance.

Vendor Portal recently undergone an update that allows the suppliers to manage their company profiles. Demand Management Section therefore, decided to conduct awareness roadshows. The BCMM supplier/vendor registration roadshows were significant as suppliers gained knowledge on how to register on the database and knew how to respond to RFQs. This aimed at eliminating the challenge of having non-responsive suppliers on RFQ's.

The roadshows were held in three regions namely, Inland Region, Midland Region and Coastal Region Suppliers who were unable to attend these roadshows were accommodated as the sessions were streamed live on social media (Facebook). Each region had two sessions as these roadshows intended to train suppliers on how to register on Vendor Portal (BCMM Database) and to educate them on how to respond to RFQs. After the presentations there was a question & answer section whereby Suppliers were granted opportunity to interact with the team.

The overall purpose for this awareness campaign was to grant more suppliers opportunity to transact with BCMM through the E-Procurement System. This would allow them to submit

quotations online at their comfort and convenience. This initiative aimed to avoid having non-responsive suppliers when RFQ's were concerned.

During 2022-23 financial year an addition of about +/-950 suppliers were registered into BCMM Database through e-procurement.

**Contracts management**

Buffalo City Metropolitan Municipality has managed to cover ground with the implementation however not without complications. Due to technical and testing issues, there were delays in implementation of the Contracts Management Module. The system was not implemented as per the dates shown in the **Project Plan (19 August 2022)** however, the implementation of Contracts Management Module was later deployed on the 22<sup>nd</sup> of September 2022.

Herewith in the below table is the progress of the implementation to date:

**PROJECT PLAN – CONTRACT MANAGEMENT MODULE DEPLOYMENT**

<b>ACTIVITIES</b>	<b>START</b>	<b>FINISH</b>	<b>STATUS</b> %	<b>COMMENTS</b>	<b>RESOURCE</b>
Business Requirements Specification (BRS) Review	2021 October 25	2021 October 29	100%	Complete	BCMM & Empire
BRS / SOP Gap Analysis & Identification of changes	2021 October 25	2021 October 29	100%	Complete	BCMM & Empire
Business Requirements Specification Document Sign off	2021 November 01	2021 November 01	100%	Complete	BCMM
Integration to Solar	2021 November 03	2022 April 3	100%	Complete	Empire & BCX
Integration testing on QA	2022 April 4	2022 April 7	100%	Complete	Empire & BCX



Integration Sign off	2022 April 7	2022 April 7	100%	Complete	BCMM
Overview of amended module	2022 April 15	2022 April 15	100%	Complete	Empire & BCMM
Technical acceptance testing	2022 April 7	2022 July 9	100%	Complete	Empire & BCX
User Acceptance Testing	2022 September 6	2022 September 9	100%	Complete	BCMM & Empire
Training SCM process owners	2022 August 3	2022 August 3	100%	Complete	Empire
Training Departmental users	2022 August 1	<i>No end-date. Users are trained as and when required.</i>	100%	On-going	Empire
Migration of eProcurement attachments to SharePoint	2022 September 1	2022 September 21	100%	Complete	BCMM
Review Deployment Readiness	2022 September 17	2022 September 17	100%	Complete	BCMM
Deploy Contract Module	2022 September 22	2022 September 22	100%	Complete	BCMM
Go Live	2022 September 22	2022 September 22	100%	Complete	BCMM
Creation of contracts	02 January 2023	Ongoing	100%	Complete	BCMM
Capturing of active contracts	22 October 2022	30 August 2023	100%	Complete	BCMM

Completed contracts within the 2022-2023	02 January 2023	Ongoing	100%	Complete	BCMM
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All active BCMM contracts have been captured on the Contract Management Module

**AWARDS**

There were 18 awards made during 2022-23 financial year.

**TOOLS OF TRADE**

Shortage of tools of trade for SCM employees was addressed as all employees that didn't have laptops / desktops were made available.

**TRAININGS**

SCM staff were trained and all members of Bid committees.

**LOGISTICS WAREHOUSE AND DISPOSALS**

Disposal of Municipal Assets was conducted successfully.

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.

Furthermore, all four senior managers (two Acting Senior Managers) have reached the prescribed levels required for their positions. They all have the necessary competency levels. (Two Acting Senior Managers graduated in December 2023 for CPMD).

T 5.12.1

### **5.13 GRAP COMPLIANCE**

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

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

# CHAPTER 6

## CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

The Annual Financial Statements were prepared and presented to the Auditor General by 31 August 2023 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 14 December 2023.

T 6.0.1

### COMPONENT B: AUDITOR-GENERAL OPINION 2021/2022 (PRIOR YEAR)

#### 6.1 AUDITOR GENERAL REPORT 2021/2022 (PRIOR YEAR)

Auditor-General Report on Financial Performance 2021/2022*	
Status of audit report:	Unqualified with findings
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 assets, non-current assets and expenditure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in an unqualified audit opinion.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
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).	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
An adequate management, accounting and information system which accounts for	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web

assets was not in place, as required by section 63(2)(a) of the MFMA	Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Reasonable steps were not taken to prevent irregular expenditure of R6.1billion as required by section 62(1)(d) of the MFMA.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Reasonable steps were not taken to prevent unauthorised expenditure of R163,7million in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by over expenditure on debt impairment.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed, adopted as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
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) and (b). 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.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Contracts and quotations were awarded to bidders based on functionality criteria that were not weighted for each criterion in the original invitation for bidding quotations.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Some of the invitation to tender for procurement of commodities designated	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web

<p>for local content and production, did not stipulate the minimum threshold for local production and content.</p>	<p>Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>Some of the contracts were extended or modified without the approval of a properly delegated official.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>The performance of contractors or providers were not monitored monthly. Similar non-compliance was also reported in the prior year.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>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. Similar non-compliance was also reported in the prior year.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for staff members issued in terms of the MSA.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>Some of the irregular expenditure by the municipality was not investigated to determine if any person is liable for the</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities</p>

expenditure, as required by section 32(2)(b) of the MFMA.	across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Some of the 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.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
There were wastewater treatment plants that did not have valid operating licenses as required by section 22(1)(b) of the National Water Act 36 of 1998.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.

### T6.1.1

Auditor-General Report on Service Delivery Performance: 2021/2022*	
Status of audit report**:	No audit opinion expressed
Non-Compliance Issues	Remedial Action Taken
<p><b>A Connected city</b></p> <p>Insufficient appropriate evidence as well as the reasons for the variances between the planned targets and reported achievements. Lack of proper performance management systems and processes and formal standard operating procedures that predetermined how the achievement would be measured, monitored, and reported.</p> <ul style="list-style-type: none"> <li>• Number of dwellings provided with connections to the mains electricity supply</li> <li>• Percentage of planned maintenance performed</li> <li>• Installed capacity of embedded generators on the municipal distribution network.</li> </ul>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p><b>A Spatially transformed city</b></p> <p>Insufficient appropriate evidence as well as the reasons for the variances between the planned targets and reported achievements. Lack of proper performance management systems and processes and formal standard operating procedures that</p>	<p>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>

<p>predetermined how the achievement would be measured, monitored, and reported.</p> <ul style="list-style-type: none"> <li>• Number of new water connections meeting minimum standards</li> <li>• Number of formal sites serviced</li> <li>• Number of ablution facilities constructed (seats)</li> </ul>	
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**T6.2.2**

**COMPONENT B: AUDITOR-GENERAL OPINION 2022/2023 (CURRENT YEAR)**

**6.2 AUDITOR GENERAL REPORT 2022/2023 (CURRENT YEAR)**

<b>Auditor-General Report on Financial Performance 2022/2023*</b>	
<b>Status of audit report:</b>	<b>Qualified with findings</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
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 assets, non-current assets and expenditure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in an qualified audit opinion.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
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).	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
The SDBIP for the year under review did not include the service delivery targets for some quarters, as required by section 1 of the MFMA.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National



<p>An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.</p>	<p>Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 63(2)(e) of the MFMA.</p> <p>An effective system of internal control for revenue was not in place, as required by section 63(2)(f) of the MFMA.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed, adopted as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>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.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods and services.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.</p>
<p>The preference point system was not applied procurement of goods and services as required.</p>	<p>MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit</p>

	findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18 (1) of the CIDB Act.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
The performance of contractors or providers were not monitored monthly. Similar non-compliance was also reported in the prior year.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
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.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
Some of the irregular expenditure 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.  Cases of irregular expenditure that constituted a criminal offence were not reported to the South African Police Service, as required by section 32 (6) of the MFMA.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
There were wastewater treatment plants that did not have valid operating licenses as	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled

required by section 22(1)(b) of the National Water Act 36 of 1998.	Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
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**T6.2.1**

<b>Auditor-General Report on Service Delivery Performance: 2022/2023*</b>	
<b>Status of audit report**:</b>	<b>No audit opinion expressed</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<b>A Connected city</b> No process to consistently measure and report on achievements against planned indicators. Adequate supporting evidence was also not provided.	MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis.
<b>A Spatially transformed city</b> Audit evidence not provided in certain instances and material differences between actual and reported achievements were found.	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.
<b>A Well governed city</b> Audit evidence not provided in certain instances and material differences between actual and reported achievements were found.	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.
<b>A Green city</b> Audit evidence not provided in certain instances and material differences between actual and reported achievements were found.	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: 2022/2023**

**Please see the Auditor-General's Report 2022/2023 below**

**T 6.2.3**



**AUDITOR GENERAL REPORT'S  
ON THE FINANCIAL  
STATEMENTS: 2022/2023**



# **BCMM 2022–2023 ANNUAL REPORT**

**COMPONENT B: AUDITOR  
GENERAL'S REPORT [T6.2.3]**

# 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 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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 possible effects of the matters described in the basis for qualified opinion section of this auditors report, the consolidated and separate statement financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act, (Act 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, (Act No.5 of 2022) (Dora)

### Basis for the qualified opinion

#### Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence that property, plant and equipment was properly accounted for, due to the accounting records provided in support of these assets not being supported by sufficient appropriate audit evidence. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R24,9 billion (2022: R24,5 billion) in note 4 to the consolidated and separate financial statements.

#### Service charges

4. Service charges revenue was not recognised as required by *GRAP 9, Revenue from exchange transactions*. Properties were identified for which service charges were not billed and recorded. I was unable to determine the full extent of the understatement of service charges, stated at R3,8 billion in note 25 to the consolidated and separate financial statements, and related receivable from exchange transactions, stated at R2,1 billion in note 10 to the consolidated and separate financial statements, as it was impracticable to do so.

## Commitments

5. Commitments were not accounted for in terms of *GRAP 17, Property, plant and equipment*. Commitments on capital assets in progress which are not commitments were disclosed. Consequently, commitments were overstated by R125,5 million in note 50 to the consolidated and separate financial statements.

## Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
7. I am independent of the group 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of matters

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

## Restatement of corresponding figures

10. As disclosed in note 53 to the consolidated and separate financial statements of the group, the corresponding figures for 30 June 2022 have been restated as a result of errors identified in the consolidated and separate financial statements of the group at, and for the year ended, 30 June 2023.

## Material losses and impairments

11. As disclosed in note 11 to the consolidated and separate financial statements, material allowances for impairment of R4,1 billion (2022: R3,6 billion) was incurred as a result of long outstanding debts owed by consumer debtors.
12. As disclosed in note 41 to the consolidated and separate financial statements, material electricity losses of R375,4 million (2022: R413,4 million) were incurred, which represents 19% (2022: 20%) of total electricity purchased. The non-technical losses amounted of 9% (2022: 10%) and was due to theft faults and billing errors.

13. As disclosed in note 41 to the consolidated and separate financial statements, material water losses of R152,3 million (2022: R139,3 million) were incurred, which represents 38% (2022: 38%) of the total water cost. The non-technical losses amounted to 15% (2022: 16%) and was mainly due to theft or illegal access as well as technical and administrative inaccuracies associated with customer metering.

#### **Underspending on conditional grants**

14. As disclosed in note 17 to the consolidated and separate financial statements, the group underspent their conditional grants by R255,2 million (2022: R283,5 million).

#### **Other matter**

15. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unaudited disclosure note**

16. In terms of section 125(2)(e) of the MFMA, the municipality is 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**

17. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

#### **Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements**

19. 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.



20. 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**

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following objectives presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected objectives that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

<b>Strategic Outcome</b>	<b>Page numbers</b>	<b>Purpose</b>
<b>A Green City</b>	XX	Sustain the environment with optimum benefits from natural assets. Clean and healthy city.
<b>A Connected City</b>	XX	High quality connections to ICT, electricity, and transport networks.
<b>A Spatially Transformed City</b>	XX	Overcome apartheid spatial divisions and fragmentations with townships economies becoming more productive.
<b>A Well Governed City</b>	XX	Smart and responsive municipality that plans and efficiently delivers high quality services and cost-effective infrastructure without maladministration and political disruptions.

23. I evaluated the reported performance information for the selected strategic outcomes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

24. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned strategic outcomes.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any overachievement or underachievement of targets / measures taken to improve performance.

25. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

26. The material findings on the reported performance information for the selected strategic outcomes are as follows:

## A Green City

### Various indicators

27. Some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Number of coastal water samples taken for monitoring purposes	400	716
Number of inland water samples taken for monitoring purposes.	400	438

### Number of inland water samples taken for monitoring purposes

28. The APR includes a duplicate indicator for inland water samples taken for monitoring purposes. One of the duplicated indicators was planned in the SDBIP as midland water samples taken for monitoring purposes but however was reported as inland water samples taken for monitoring purposes (ENV5.2 1(a)). Furthermore, an achievement of 259 inland water samples taken for

monitoring purposes was reported against a target of 200 inland water samples taken for monitoring purposes. However, some supporting evidence was not provided for auditing; and, where supporting evidence was provided, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

## A Connected City

### Various Indicators

29. I could not determine whether the achievement of the below mentioned indicators were reported correctly against the respective targets, as there were no processes to consistently measure and report on achievements against planned indicators. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievements might be more or less than reported and was not reliable for determining if the target had been achieved.

Indicator	Target	Reported achievement
Percentage of surfaced municipal road lanes which has been resurfaced and resealed.	0.9%	1.3%
Installed capacity of approved embedded generators on the municipal distribution network	0	4,7MW
Percentage of unsurfaced road graded	4,4%	5,3%

### Various Indicators

30. Based on audit evidence, the actual achievement for 2 indicators did not agree to the achievements reported. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the target were lower than reported.

Indicator	Target	Reported achievement	Actual achievement
Percentage of valid customer application for new electricity connections processed	100%	100%	86%
Km's of new municipal road network	15km	19,138km	0.1 km

### **Percentage of planned maintenance performed**

31. An achievement of 87.6% was reported against a target of 70%. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

### **Km of gravel road upgraded to surface standard**

32. The measures taken to improve performance against the target of 6km were not reported in the annual performance report. This would make it difficult for users to determine what actions will be taken to improve service delivery.

## **A Spatially Transformed City**

### **Percentage of total water connections metered**

33. An achievement of 91% was reported against a target of 95%. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.
34. Further the reasons for the underachievement of the reported achievement of 91% against the planned target of 95%, did not agree to the supporting evidence. The supporting evidence indicated the reasons to be, the flat rated consumer accounts were included in the BP92 report for the months of May to June 2023 and not excluded as indicated in the annual performance report.

## **A Well Governed City**

### **Number of informal settlements enumerated and classified (in terms of NUSP or equivalent)**

35. An achievement of 46 was reported against a target of 46. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

### **Percentage of wastewater treatment capacity unused**

36. An achievement of 56% was reported against a target of 40%. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

## Other matters

37. I draw attention to the matters below.

### Achievement of planned targets

38. The annual performance report includes information on reported achievements against planned targets and provides explanations for overachievements or underachievements and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
39. The municipality plays a key role in delivering services to South Africans. The tables that follow provide information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages [xx to xx].

### A Connected City

<i>Targets achieved: 94.1%</i> <i>Budget spent: 96.6%</i>		
<b>Key service delivery indicator not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
Km of gravel roads upgraded to surfaced standard	6km	5.9km

### A Spatially Transformed City

<i>Targets achieved: 81.8%</i> <i>Budget spent: 56.2%</i>		
<b>Key service delivery indicator not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
Percentage of total water connections metered	95%	91%
Number of serviced sites	629	378

### Material misstatements

40. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for A Green City, A Connected City, A Spatially Transformed City and A Well Governed City.
41. Management did not correct any of the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

42. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
43. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
44. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
45. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual financial statements

46. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

### Strategic planning and performance management

47. The performance management system and related controls were inadequate as it did not describe how the performance planning/ monitoring/ measurement/ review/ reporting/ improvement processes should be adequately managed, as required by municipal planning and performance management regulation 7(1).
48. The SDBIP for the year under review did not include the service delivery targets for some quarters, as required by section 1 of the MFMA.

### Asset management

49. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
50. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

## Revenue management

51. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.
52. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

## Expenditure management

53. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with section 112 of the MFMA.

## Human resource management

54. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

## Procurement and contract management

55. Some of the goods and services of a transaction value 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, in contravention of SCM Regulation 36(1).
56. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM Regulation 27(2)(a). This non-compliance was identified in the procurement processes for the CE 393: Supply, installation and management of a prepayment electricity vending system incorporating third party collection service for Buffalo City Metropolitan Municipality for a period of three years.
57. The preference point system was not applied procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
58. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act.
59. 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. Similar non-compliance was also reported in the prior year.
60. The contract performance and monitoring measures and methods are inadequate as required by Section 116 (2)(c)(ii).

## Consequence management

61. Irregular and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
62. Cases of irregular expenditure that constituted a criminal offence were not reported to the South African Police Service, as required by section 32(6) of the MFMA.

## Environment management

63. The following wastewater treatment plants did not have valid operating licenses as required by section 22(1)(b) of the National Water Act:
  - Amalinda/Central ■ Berlin ■ Breidbach ■ Dimbaza ■ East Bank ■ Gonubie ■ Kayser's Beach
  - Kidd's Beach ■ Mdantsane ■ Potsdam ■ Schornville ■ Westbank.

## Other information in the annual report

64. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected strategic outcomes presented in the annual performance report that have been specifically reported on in this auditor's report.
65. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
66. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected strategic outcomes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
67. 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

68. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.



69. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
70. Leadership's and management'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 leading to financial and performance report and non-compliance with legislation findings being reported.
71. The SCM and performance management policies and procedures implemented by management were inadequate to ensure fairness, competitiveness and transparency when procuring goods and services. This, together with a lack of monitoring of contracts resulted in non-compliance with SCM regulations and the incurrence of irregular expenditure as well as resulting in the raising of material findings for performance reporting.
72. 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**

73. 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 material irregularities as previously reported in the auditor's report.

### **Material irregularities identified during the audit**

74. The material irregularities identified are as follows:

#### **Loss of revenue from rental of municipal properties**

75. The municipality did not appropriately bill rental debtors in line with their lease agreements and did not appropriately apply escalation rates contained in lease agreements since inception of the lease agreement. The non-compliance was identified during October 2022 and related to the under-billing of rental debtors from the 2020-21 financial year onwards and there is still a continued loss of revenue as the municipality does not have an appropriate document management system to record and bill the rental debtors thereby resulting in non-compliance with section 64(2)(e) of the MFMA.
76. I notified the accounting officer of the material irregularity on 8 December 2022 and invited him to make a written submission on the actions taken. The accounting officer responded by providing a plan with timelines on actions that would be implemented to address the material irregularity.
77. The municipality is still in the process of updating and renewing lease agreements with corrected lease values, however there are legal processes that first needs to be followed to

ensure that no breach of contractual obligations is committed by the municipality as some contracts have an automatic renewal clause. This process is nearly at completion stage. The process to establish a documentation management system to better record and calculate revenue to be billed is also still in progress and expected to be concluded during the first quarter of the 2023-24 financial year.

78. Monthly workgroup meetings have been set up between the spatial development and finance department to facilitate monthly reviews of the lease register against the billing report to ensure that the debtor being correctly billed and that the lease register is valid, accurate and complete.
79. The accounting officer has also delegated relevant department heads to investigate the root causes that led to unbilled lease debtors. The outcome of the investigation is still pending and the outcome will determine whether any disciplinary actions will need to be taken against persons found responsible for losses emanating from the under-billing of the lease debtors.
80. A further follow up will be done in the next audit to determine progress made in implementing the remaining actions required by the municipality in addressing the material irregularity.

### **Material irregularities in progress**

81. I identified another material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer. This material irregularity will be included in next year's auditor's report.

### **Status of previously reported material irregularities**

#### **Vandalism and theft of completed asset**

82. The municipality did not comply with section 63(2)(c) read together with section 63(1)(a) of the MFMA which requires that the accounting officer of a municipality be responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. Management did not safeguard Phase 2 completed on 10 February 2020 of the Gonubie Beacon Bay link road post-handover from the contractor which resulted in vandalism and theft. The road will only be brought into use once all phases of the five phased project are complete. The non-compliance has resulted in a material financial loss of R4,1 million.
83. I notified the accounting officer of the material irregularity on 4 July 2022 and invited him to make a written submission on the actions taken. The accounting officer has responded by indicating that there is a lack of own revenue and grant revenue forecast to complete the remaining phases of the road in order to bring it into use and also concluded that no official could be held accountable for the loss.
84. On the basis of a preliminary investigation a cost-benefit analysis was performed in the 2021-22 financial year and in the 2022-23 financial year the municipality completed the fencing of the road and submitted an application to Infrastructure South Africa on 3 July 2023 to secure

funding for phases 3 to 5 of the project. At the date of this report the outcome of this application has not been confirmed.

85. I will follow up this matter in the next audit.

#### Revenue for water services not calculated on a monthly basis

86. The municipality did not charge water service charges for 8 337 properties for the year ended 30 June 2020. 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 non-compliance resulted in a financial loss of R29,4 million.

87. 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 to be taken to address the matter.

88. The following actions were implemented to resolve the material irregularity:

- The municipality notified consumers during June 2021 of the under-billing and back charged the affected consumers from December 2020 until May 2021 to account for 6 months of lost revenue as per the municipality's credit control policy and thereafter continued billing the debtors on a monthly basis as required.
- The accounting officer instituted an investigation into the matter to identify responsible officials. Disciplinary processes for the responsible employees were finalised in November 2021 in accordance with the municipality's disciplinary policy and processes.
- The municipality had developed draft standard operating procedures and approved these procedures during the 2022-23 financial year to guide the flow of information from the source to the financial system and a service level agreement between Infrastructure, Spatial Planning and Development and Corporate Services directorates to isolate responsibilities and prevent future instances of losses.
- The Finance directorate conducts monthly reconciliations between the valuation roll and billing system to identify any further properties not being billed for water services as an added control.

89. A further follow-up of actions was performed in the current year audit and no further occurrences of material loss of revenue from unbilled water was identified. Those consumers that were not billed for water services in the period when the material irregularity was identified, were billed monthly in the prior and current year.

90. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

#### Revenue for refuse removal services not calculated on a monthly basis

91. The municipality did not charge a number of properties for refuse removal service charges for the year ended 30 June 2021. 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 non-compliance resulted in a financial loss of R23,7 million.

92. The accounting officer was notified of the material irregularity on 29 March 2022 and invited to make a written submission on the actions taken or to be taken to address the matter.
93. The following action has been taken to resolve the material irregularity:
- The municipality notified consumers during June 2021 of the under-billing and back charged the affected consumers from December 2020 until May 2021 to account for 6 months of lost revenue as per the municipality's credit control policy and thereafter continued billing the debtors on a monthly basis as required.
  - The accounting officer instituted an investigation into the matter to identify responsible officials. Disciplinary processes for the responsible employees were finalised in November 2021 in accordance with the municipality's disciplinary policy and processes.
  - The municipality had developed draft standard operating procedures and approved these procedures during the 2022-23 financial year to guide the flow of information from the source to the financial system and a service level agreement between Infrastructure, Spatial Planning and Development and Corporate Services directorates to isolate responsibilities and prevent future instances of losses.
  - The Finance directorate conducts monthly reconciliations between the valuation roll and billing system to identify any further properties not being billed for refuse removal services as an added control.
94. A further follow-up of actions was performed in the current year audit and no further occurrences of material loss of revenue from unbilled refuse removal services was identified. Those consumers that were not billed for refuse removal services in the period when the material irregularity was identified, were billed monthly in the prior and current year.
95. Based on the considerations above, the actions that were taken were adequate to resolve the material irregularity.

## Other reports

### Investigations

96. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the group's consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
97. Five investigations were conducted by external parties relating to SCM irregularities and financial misconduct cases which cover the periods 2013-14 to 2019-20; all investigations were concluded. Two of the five investigations were handed over to SAPS Commercial Crimes Unit for action, one was under SAPS remedial action and the other was resolved due to limitations as per the Protected Disclosure Act. One other case was dissolved as the persons under investigation are now deceased.
98. There are two additional cases which were being investigated by external parties. One of the cases which is with the Special Investigating Unit relates to councillors qualifications obtained the University of Fort Hare and is still in progress at the date of this report. The other case

which was finalised by the Public Protector on 19 October 2023 related to alleged inadequate and/or lack of provision of essential services and basic infrastructure by various organs of state in certain villages in the province. The municipality has to provide a report to the Public Protector on the implementation of the remedial action within 60 calendar days from the date the report was finalised.

Auditor-General

East London

14 December 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

1. The annexure includes the following:
  - The auditor-general's responsibility for the audit
  - The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

2. 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 outcomes and on the municipality's compliance with selected requirements in key legislation.

#### Consolidated and separate financial statements

3. 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
  - conclude on the appropriateness of the 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 consolidated and separate 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 municipality 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**

4. 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.
5. 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.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), Sections 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), Sections 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), Sections 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a),, Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), Regulations 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1) (c), 38(1)(d)(ii), 38(1)(e), Regulations 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)



Legislation	Sections or regulations
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
National Water Act 36 of 1998	Section 22(1)(b)
National Environmental Management: Waste Act 59 of 2008	Section 20(b)
Environment Conservation Act, No. 73 of 1989	Section 20(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), Sections 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), 57(4B) Sections 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)  <b>Parent municipality with ME:</b> Sections 93B(a), 93B(b)

Legislation	Sections or regulations
	<b>Parent municipality with shared control of ME:</b> Section 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), Regulations 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)





## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE – FINANCIAL YEAR JULY 2022 - END JUNE 2023

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 23/11/21)	FT	Council (Chairperson)	PR ANC	100%	0%
Faku, P. (Executive Mayor) (Elected on 23/3/23)	FT	Metropolitan Mayoral Committee (Chairperson) (Ex-Deputy Executive Mayor)	PR ANC	100%	0%
Mhlola, N.M. (Chief Whip of Council) (Elected on 31/3/23)	FT	Chief Whip of the Council (Ex-Human Settlement Chairperson)	PR ANC	84,62%	15,38%
Angelbeck, R.E.	PT	Corporate Services	PR DA	100%	0%
Bamla, P.	PT	Human Settlement	Ward 42 ANC	100%	0%
Bangani, B	PT	Public Safety and Emergency Services	Ward 31 ANC	92,31%	7,69%
Batala, C.N.	PT	Public Safety and Emergency Services	PR EFF	76,92%	23,08%
Bentley, S.E.	PT	Infrastructure Services	PR DA	100%	0%
Bernardo, A.P.	PT	<ul style="list-style-type: none"> <li>Corporate Services</li> <li>Sports, Recreation and Community Development</li> </ul>	PR ACDP	100%	0%
Booi, S.	PT	Sports, Recreation and Community Development	Ward 22 ANC	100%	0%
Botha, A.M.C.	PT	Solid Waste and Environmental Management	PR DA	100%	0%
Caga, S.W. (Elected on 31/3/23)	FT	MPAC (Chairperson) (Ex-Finance Portfolio Committee Chairperson)	PR ANC	100%	0%
Ciliza, K.	PT	<ul style="list-style-type: none"> <li>Economic Development and Agencies</li> <li>Finance</li> </ul>	Ward 1 ANC	92,31%	7,69%
Daniso, M.	PT	Infrastructure Services	Ward 44 ANC	100%	0%
Dywili, Z.A.		<ul style="list-style-type: none"> <li>Solid Waste and Environmental Management</li> </ul>	Ward 2 ANC		

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			%	%
	PT	<ul style="list-style-type: none"> <li>Sports, Recreation and Community Development</li> </ul>		100%	0%
Faku, K.T.	PT	Economic Development and Agencies	Ward 40 ANC	61,54%	38,46%
Faku, M.	PT	Finance	PR EFF	76,92%	23,08%
Fritz, T.F.	PT	Infrastructure Services	PR DA	100%	0%
Gcobo, A.	PT	Infrastructure Services	PR PAC	84,62%	15,38%
Gcwabe, A.	PT	Economic Development and Agencies	Ward 20 ANC	100%	0%
Gida, S.P.	PT	Corporate Services	PR EFF	84,62%	15,38%
Goci, N.M.	PT	Awaiting deployment	Ward 5 ANC	100%	0%
Gqola, L.	PT	Strategic Development	Ward 39 ANC	100%	0%
Green, J.D.	PT	Human Settlement	PR DA	92,31%	7,69%
Gulwa, S.S.	PT	Finance	Ward 23 ANC	84,62%	15,38%
Gunzazile, A.	PT	<ul style="list-style-type: none"> <li>Corporate Services</li> <li>MPAC</li> </ul>	Ward 50 ANC	92,31%	7,69%
Hali, L.	PT	Spatial Planning and Development	Ward 3 DA	92,31%	7,69%
Hansen, P.	PT	<ul style="list-style-type: none"> <li>Infrastructure Services</li> <li>Strategic Development</li> </ul>	Ward 10 ANC	92,31%	7,69%
Hlekiso, M.	PT	MPAC	PR EFF	84,62%	15,38%
Hoffman, S.M.	PT	Sports, Recreation and Community Development	Ward 19 DA	92,31%	7,69%
Holmes, V.A.	PT	Spatial Planning and Development	PR DA	92,31%	7,69%
Jaxa, P.	PT	MPAC	Ward 48 ANC	100%	0%
Kalani, B.	PT	<ul style="list-style-type: none"> <li>MPAC</li> <li>Spatial Planning and Development</li> </ul>	Ward 27 ANC	92,31%	7,69%
Kese-Ndotyi, N.L.	PT	Human Settlement	Ward 38 ANC	100%	0%
Kilimani, N.W.	PT	Public Safety and Emergency Services	Ward 46 ANC	100%	0%
Knoetze, V.D.	PT	Strategic Development	Ward 29 DA	84,62%	15,38%
Kosani, M.	PT	Economic Development and Agencies	PR DA	92,31%	7,69%

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			%	%
Kumbaca, N.L.N.	PT	Economic Development and Agencies	PR ANC	76,92%	23,08%
Libala, S	PT	Awaiting deployment	PR EFF	76,92%	23,08%
Lottering, G.M.	FT	Sports, Recreation and Community Development (Chairperson)	PR ANC	92,31%	7,69%
Luhadi, N.E.	PT	Spatial Planning and Development	PR EFF	76,92%	23,08%
Mahanjana, D.A.	PT	Spatial Planning and Development	Ward 43 ANC	92,31%	7,69%
Majeke, A	PT	MPAC	PR DA	84,62%	15,38%
Majeke, K.	PT	Finance	Ward 8 ANC	92,31%	7,69%
Mangxola, O.	PT	Corporate Services	PR DA	100%	0%
Marata, M.N. (Resigned w.e.f. 22/3/23)	FT	Economic Development and Agencies (Chairperson)	PR ANC	88,89%	11,11%
Mashiya, M.J.	PT	<ul style="list-style-type: none"> <li>• Economic Development and Agencies</li> <li>• Strategic Development</li> <li>• MPAC</li> </ul>	PR ATM	84,62%	15,38%
Masiki, Y.	PT	Awaiting deployment	PR EFF	69,23%	30,77%
Matwele, S.T.	FT	Spatial Planning and Development (Chairperson)	PR ANC	84,62%	15,38%
Maxongo, N. (Elected on 31/3/23)	FT	Finance (Chairperson) (Ex-Chairperson Spatial Planning and Development)	PR ANC	100%	0%
Mcako, M.	PT	Sports, Recreation and Community Development	Ward 34 ANC	100%	0%
McDowell, J.S.	PT	<ul style="list-style-type: none"> <li>• Public Safety and Emergency Services</li> <li>• Strategic Development</li> </ul>	Ward 18 DA	100%	0%
Mcwabeni, N.	PT	<ul style="list-style-type: none"> <li>• Public Safety and Emergency Services</li> <li>• Human Settlement</li> </ul>	Ward 15 ANC	84,62%	15,38%
Mfazwe, M.M. (Elected on 31/3/23)	FT	Human Settlement (Chairperson) (Ex-Chairperson Infrastructure Services Portfolio Committee)	PR ANC	76,92%	23,08%
Mfene, M.	PT	Corporate Services	Ward 26 ANC	76,92%	23,08%
Mhlauli, O.	PT	<ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Strategic Development</li> </ul>	Ward 13 ANC	100%	0%
Mndi, N.		Spatial Planning and Development	Ward 21 ANC		

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			%	%
	PT			100%	0%
Mnyute, A.O.	PT	Awaiting deployment (Ex Solid Waste and Environmental Management) (Chairperson until 31/3/23)	PR ANC	69,23%	30,77%
Mpupha, K.H.	PT	Sports, Recreation and Community Development	PR EFF	53,85%	46,15%
Mrwebi, V.A.	PT	Strategic Development	Ward 17 ANC	76,92%	23,08%
Mtyingizane, Z.	PT	Chairperson : Women's Caucus (Ex-MPAC member)	Ward 14 ANC	92,31%	7,69%
Mxabanisi-Gakrishe, C.	PT	Finance	Ward 25 ANC	38,46%	61,54%
Mzekeli, L.	PT	MPAC	Ward 6 ANC	92,31%	7,69%
Neale-May, H.E. (Elected on 31/3/23)	FT	Public Safety and Emergency Services (Chairperson) (Ex-Chairperson Corporate Services Portfolio Committee)	PR ANC	100%	0%
Nkala, A.	PT	Corporate Services	Ward 49 ANC	92,31%	7,69%
Nkungwini, S.	PT	Human Settlement	PR EFF	92,31%	7,69%
Nokoyo, A.S.	PT	Sports, Recreation and Community Development	PR EFF	76,92%	23,08%
Noyakhe, Z.	PT	Solid Waste and Environmental Management	PR EFF	84,62%	15,38%
Ntsasela, S. (Elected on 31/3/23)	FT	Economic Development and Agencies (Chairperson) (Ex-Chief Whip of the Council)	PR ANC	100%	0%
Ntshebe, N.M.	PT	Solid Waste and Environmental Management	Ward 37 ANC	92,31%	7,69%
Nyusile, M.L.	PT	Awaiting deployment	PR ANC	84,62%	15,38%
Pakati, X.A.	PT	Awaiting deployment (Ex-Executive Mayor) (Chairperson until 22/3/2023)	PR ANC	92,31%	7,69%
Phandliwe, S.	PT	<ul style="list-style-type: none"> <li>• Human Settlement</li> <li>• Spatial Planning and Development</li> </ul>	Ward 35 ANC	84,62%	15,38%
Phethani, A.A.	PT	Sports, Recreation and Community Development	Ward 12 ANC	92,31%	7,69%
Pohl, F.C.	PT	Solid Waste and Environmental Management	Ward 28 DA	92,31%	7,69%



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			%	%
Qali, N.	PT	Infrastructure Services	Ward 16 ANC	100%	0%
Ralasi, A.	PT	Awaiting deployment	PR ANC	69,23%	30,77%
Rumbu, S.P.	PT	<ul style="list-style-type: none"> <li>Economic Development and Agencies</li> <li>Strategic Development</li> </ul>	PR EFF	53,85%	46,15%
Sabana, N.	PT	Public Safety and Emergency Services	Ward 32 ANC	92,31%	7,69%
Sauli, B.	PT	MPAC	Ward 36 ANC	92,31%	7,69%
Siboyana, V.	PT	<ul style="list-style-type: none"> <li>Finance</li> <li>Infrastructure Services</li> </ul>	PR ANC	92,31%	7,69%
Skepe, S.G.	PT	Corporate Services	Ward 41 ANC	84,62%	15,38%
Skoti, A.J.	PT	<ul style="list-style-type: none"> <li>Human Settlement</li> <li>Public Safety and Emergency Services</li> </ul>	PR UDM	92,31%	7,69%
Stemela, N.C.	PT	Spatial Planning and Development	Ward 11 ANC	100%	0%
Stewart, L.A.	PT	Sports, Recreation and Community Development	Ward 4 DA	100%	0%
Tempi, T.	PT	<ul style="list-style-type: none"> <li>Human Settlement</li> <li>Infrastructure Services</li> </ul>	Ward 45 ANC	53,85%	46,15%
Theron, D.A.	PT	Spatial Planning and Development	PR FFP	84,62%	15,38%
Thomas, M.D.	PT	Solid Waste and Environmental Management	Ward 33 ANC	100%	0%
Tom, N.C. (Started w.e.f. 31/3/23 Council meeting) Elected as Chairperson on 31/3/23	FT	Corporate Services (Chairperson)	PR ANC	100%	0%
Tshabe, N.E.	PT	Infrastructure Services	PR EFF	92,31%	7,69%
Tutu, M.	PT	Strategic Development	Ward 24 ANC	84,62%	15,38%
Tutu, V.	PT	<ul style="list-style-type: none"> <li>Finance</li> <li>Solid Waste and Environmental Management</li> </ul>	PR AIC	69,23%	30,77%
Tyali, Y. (Elected on 31/3/23)	FT	Infrastructure Services (Chairperson) (Ex-MPAC Chairperson)	PR ANC	100%	0%
Vallabh, D.	PT	Economic Development and Agencies	PR DA	92,31%	7,69%
Walton, G.K.		<ul style="list-style-type: none"> <li>Finance</li> </ul>	PR DA	92,31%	7,69%

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			%	%
	PT	• MPAC			
Wetsetse, M.	PT	Economic Development and Agencies	Ward 9 ANC	61,54%	38,46%
Whittington, N.	PT	<ul style="list-style-type: none"> <li>• Public Safety and Emergency Services</li> <li>• Solid Waste and Environmental Management</li> </ul>	Ward 30 ANC	100%	0%
Wolose, F.S.	PT	Public Safety and Emergency Services	Ward 47 DA	92,31%	7,69%
Wood, B.F.	PT	Finance	PR DA	92,31%	7,69%
Yekiso-Morolong, M.C. (Elected on 31/3/23)	FT	Solid Waste and Environmental Management (Chairperson) (Ex Chairperson : Women's Caucus)	Ward 7 ANC	92,31%	7,69%
Zonke, K.	PT	Human Settlement	PR DA	84,62%	15,38%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					<i>T A</i>

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
CORPORATE SERVICES PORTFOLIO COMMITTEE	<p>To consider and to make recommendations to the Council on the measures necessary including inter alia the following –</p> <p>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</p> <p>Recruitment, selection, remuneration, utilization and development of staff; Occupational Health and Safety and Industrial Health services;</p> <p>Productivity in the municipal workforce Training and staff development; Employment equity and skills development Employee performance;</p> <p>Information and technology support services;</p> <p>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;</p> <p>Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and</p> <p>Council Support Auxilliary,Records Management and Decision Tracking</p>
INSTITUTIONAL OPERATIONS AND CIVIC RELATIONS PORTFOLIO COMMITTEE	<p>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.</p>

MUNICIPAL SERVICES PORTFOLIO COMMITTEE	<p>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 –</p> <p>Childcare facilities;  Pontoons, ferries, jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto];</p> <p>Beaches and amusement facilities;  Cemeteries, funeral parlours and crematoria; Fencing and fences;</p> <p>Local amenities;  Local sports facilities</p> <p>Municipal parks and recreation  Public places;  Horticulture; Libraries;</p>
FINANCE PORTFOLIO COMMITTEE	<p>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;</p> <p>Monitoring and budget implementation; Control measures</p> <p>Financial reporting;  Budget management including revenue and expenditure management; Capital raising; and</p> <p>Supply Chain management.</p>
BUDGET STEERING COMMITTEE	<p>The Finance Budget Committee will fulfil the following Operational functions.</p> <p>Budget Management</p> <p>Revenue (Including Tariffs Expenditure) In-year Financial Reporting</p> <p>Control Measures of Budget Implementation</p> <p>Monitoring and Budget Progress</p>

<p>HEALTH AND PUBLIC SAFETY AND EMERGENCY SERVICES PORTFOLIO COMMITTEE</p>	<p>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.</p>
<p>DEVELOPMENT AND SPATIAL PLANNING PORTFOLIO COMMITTEE</p>	<p>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</p>

<p>INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE</p>	<p>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 –</p> <p>Air pollution;</p> <p>Electricity and gas reticulation; Municipal airports;</p> <p>Municipal public works Storm water management systems;</p> <p>Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal</p> <p>Municipal public transport systems; Cleansing;</p>
<p>IDP AND ORGANISATIONAL PERFORMANCE MANAGEMENT PORTFOLIO COMMITTEE</p>	<p>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.</p>
<p>ECONOMIC DEVELOPMENT AND AGENCIES PORTFOLIO COMMITTEE</p>	<p>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 &amp; 153 of the Constitution), including inter alia the following:-</p> <p>Facilitate job creation</p> <p>Promote the development of small, medium and micro-enterprises</p>
<p>HUMAN SETTLEMENTS PORTFOLIO COMMITTEE</p>	<p>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.</p>
<p>SOCIAL FACILITATION COMMITTEE</p>	<p>To consider Councillors welfare and matters related thereto</p>

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 Local Government: 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.

#### APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	DIRECTOR/MANAGER (TITLE AND NAME)
MUNICIPAL MANAGER	MR MXOLISI YAWA
EXECUTIVE SUPPORT SERVICES	MS NCUMISA SUDUKWANA
CORPORATE SERVICES	MR BOB NAIDOO
ECONOMIC DEVELOPMENT AND AGENCIES	MS NOLUDWE NCOKAZI
INFRASTRUCTURE SERVICES	MR NCEBA NCUNYANA (deceased)

SOLID WASTE AND ENVIRONMENTAL MANAGEMENT	MS YOLISWA SINYANYA
PUBLIC SAFETY AND EMERGENCY SERVICES	ADVOCATE BONISWA MZIMBA
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

#### APPENDIX D – MUNICIPAL POWERS AND FUNCTIONS

MUNICIPAL / ENTITY		
MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)*	FUNCTIONS APPLICABLE TO THE ENTITY
<u>Constitution Schedule 4. Part 4 functions</u>		
<u>Air Pollution</u>	Y	
<u>Building regulations</u>	Y	
<u>Child care facilities</u>	Y	
<u>Electricity and gas reticulation</u>	Y	
<u>Firefighting services</u>	Y	
<u>Local tourism</u>	Y	Y
<u>Municipal airports</u>	N	
<u>Municipal planning</u>	Y	
<u>Municipal health services</u>	Y	
<u>Municipal public transport</u>	Y	
<u>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.</u>	Y	
<u>Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto</u>		
<u>Storm water management systems in built-up areas</u>	Y	
<u>Trading regulations</u>	Y	
<u>Water and sanitation services limited to potable water supply and domestic waste-water and sewage disposal systems</u>	Y	
<u>Beaches and amusement facilities</u>	Y	
<u>Billboards and the display of advertisements in public places</u>	Y	
<u>Cemeteries, funeral parlours and crematoria</u>	Y	
<u>Cleansing</u>	Y	
<u>Control of public nuisances</u>	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

#### 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	<b>Cllr KUHLE CILIZA</b>	Yes	5		4
	NOMPENBELELO ANNE MAKUPULA				
	VUYELWA GQOLA				
	LUNGISILE JULIUS PAUL				
	THENJISWA CYNTHIA MTATSI-NTUKU				
	NONKOSINATHI MAKUPULA				
	FUNDILE LUPINDO				
	NORMA CALVERY				
	SINDISWA SYLVIA SONSTHI				
2	<b>Cllr ZWELIKHANYILE AKHONA DYWILI</b>	Yes	3		1
	MBULELO FILTANE				
	ZUKISWA MAVIS WELANI				

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
	NYAKOMBI ELLIOT MVULENI				
	LOYISO VICTOR MAKI				
	MASIZA JADU				
	NTOMBOXOLO JAZA				
	FUNDISWA MSENGANA				
	AKHONA ROLINYATHI				
	FUNEKA NONZINYANA				
3	<b>Cllr LORNA HALI</b>	Yes	7		3
	NONTUTUZELO KELELE				
	WISEMAN JABULILE SOGONI				
	TABILE ZINGISA KUNJWA				
	SIPHOKAZI VANESSA MPOFU				
	SIPHOKAZI TUNYARA				
	THAPELO VICTOR FUNO				
	FEZIWE MAYEDWA				
	VUYISA BLOSSOM JUMBA				
	SIMAMKELE GUNTU				
	ANNA JOHANNA ELIZABETH BYNES				
4	<b>Cllr LEMARC ALLISTER STEWART</b>	Yes	7		3
	MICHAEL THANDO NTONGA				
	SINDISWA MANYI				
	BUYISWA MENTHER MXOKISO				
	HEADMAN MATYENI				
	NANCY DYUNA				
	THEMBISA QUKULU				
	PUMEZA TEMPI				
	NONTUTHUZELO PRUNAH FOKWEBE				
	NOMBULELO NKUNGWANA				
5	<b>Cllr MONICA GOCI</b>	Yes	2		1
	YOLANDA AMANDA MAKOM				
	BULELWA NONJEZI				
	NOMALIZO EUNICE GALADA				

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
	NTOBEXO MICHAEL MATEYISI				
	ZANDISILE BELLINGTON STUURMAN				
	NONTEMBISO LETTICIA GCULE				
	SIHLE TOKO				
	AMANDA MADUMANE				
	AGCOBILE AMOS BUNGU				
6	<b>CLLr LUKHANYISO MZEKELI</b>	Yes	1		0
	SIYABULELA MENZELELI				
	NOMVUYO GODINI				
	SIMAMKELE KLAAS				
	UNATHI MADYAKA				
	DEVINA PERRIN				
	STEVEN ADKINS				
	SIBONGILE NDUMISO				
	JENNIFER HARMAN				
	MZIWAMADODA BOOI				
	MAURICE BRICE WHITTINGTON				
7	<b>CLLR CLARA MOROLONG-YEKISO</b>	Yes	3		1
	MATU JAMJAM				
	NOMBUYISELO NOMVULA MHLATI				
	NOMBEKO ELSIE DEKI				
	ARRIE WILLIAMS				
	TEMBISA GETRUDE MBATYOTI				
	MICHAEL LINDA NONGOGO				
	MNINAWA NGUMBELA				
8	<b>CLLR KWANELE MAJEKE</b>	Yes	0		0
	SIPIWO DODO				
	VATHISWA NONDUMISO QOTO				

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
	NCEBA VILI				
	NTOMBOXOLO SOMJWAXA				
	AKHONA QACO				
	PETER CRAIG DAVIDS				
	MZWANDILE BUKULA				
	ANELA LINDANI				
	PULENG ROSELINE KLAAS				
	NOXOLO MATETA				
9	<b>CLLR MENDI WETSETSE</b>	Yes	0		0
	PETER GREY				
	NANGAMSO MAKAZI				
	LINDA MHLAMBI				
	LENA VANI				
	MZWANDILE ADONISI				
	LINDA PELI				
	NTOMBOKANYO VIRGINIA DAWETI				
	LUDUMO CLAXTON LUSASENI				
	AKHONA FIYO				
10	<b>CLLR PEARL HANSEN</b>	Yes	2		1
	CARMAN AUDREY DANIELS				
	PHUMEZA WAYAYA				
	THEMBAKAZI GLENROSE HLOPHEKAZI				
	SIPHOSETHU XALA				
	NOLUVUYO FEFANI				
	GETRUDE MICHAELS				
	NOSISA DYASI				
	AGNES NOTOSI FRANCE				
	NOMTHANDAZO JACK				
	LUNGISWA CEBANA				
11	<b>CLLR NOZUKO CLAUDIA STEMELA</b>	Yes	11		4

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
	XOLELWA JILINGISI-FANCE			12	
	ZIKHONA MALUNGA			12	
	ZOLISWA TENGISILE			12	
	ZODWA MAGOPHENI			12	
	PUMELA GLORIA BANI			12	
	LINDA PATIENCE LESTIG			12	
	APHIWE MEKUTO			12	
	PELOKAZI NKANYUZA			12	
	LUNGILE ALFRED DAVID			12	
	VIWE MAPASA			12	
12	<b>CLLR ANDILE ANDY PHETHANI</b>	Yes	5		1
	SIVUYILE JACOB			6	
	ODWA SITYANA			7	
	JOYCE NOLALA TISHALA			7	
	LAWUKAZI NZEKENI			6	
	NOMSA VERONICA TENGI			7	
	NOLUTHANDO MGUBO			7	
	MTSATSENI PELISWA			8	
	BENNET WILLIE TYABULE			5	
	SIKELELWA MVULENI			5	
13	<b>CLLR OSCAR MHLAWULI</b>	Yes	0		0
	KHAYA MELANE				
	MCINGISI GOODWILL NGQINISO				
	NOSITHANA LONGO				
	ZANELE QEBEDU				
	SIPHOSETHU BUNU				
	SINDISWA NYANDA				
	SIZIWE IRIS DANISO				
	SANELE MANJINGOLO				
	NOMPHELO KWETHA				

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
	FUZILE PATNER GOMBA				
14	<b>CLLR ZININZI MTYINGIZANE</b>	Yes	7		2
	LUKHANYO NDUBANE			3	
	PHUMELA PLAATJIE			4	
	ZIMASA MALEKI			4	
	AMANDA NDILEKA MNTYEKU			4	
	NOSIPHIWO SAMFUMFANA			4	
	JULIA UNATHI XHOLO			4	
	PHILASANDE MAKANOZA			2	
15	<b>CLLR NWABISA MCWABENI</b>	Yes	0		0
	SIPHOSETHU HLAMVANA				
	SIYABONGA NDALISO				
	NTOMBIZANELE QAWU				
	NOMAPHELO XHELO				
	VUYELWA BHODA				
	ZANETHEMBA GASELA				
	FUNDISWA MSHWESHWE				
	AMANDA YVONNE BOKO				
16	<b>CLLR NTSIKA QALI</b>	Yes	0		0
	MNIKELO MAZAMISA				
	NOBONILE PRISCILLA TYITYI				
	NODUMO LYNETTE MONAKALI				
	LUNGISILE LOVEMORE MAGAMA				
	PATIENCE NONE ZANTSI				
	NOSISA MBEKI				
17	<b>CLLR VELISWA MRWEBI</b>	Yes	12		3
	MCEBISI MASUMPA			1	
	NOMPUMELELO PRISCILLA DEKEZA			0	
	NONKULULEKO NDZWIWENI			1	

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
	NGATHINI MRWARWAZA			0	
	AYANDA VASINI			0	
	YONELA NJEBULANA			1	
	BUSISIWE DOROTHY NYABA			0	
	CINGELWA SIKWEYIYA			2	
	MELISIZWE MBULELO MANCAPA			0	
	VUYOLWETHU FAYE			2	
18	<b>CLLR JASON SCOTT MCDOWELL</b>	Yes	10		3
	JAN LOUIS ROODT				
	CARIKE ANEL GOUWS				
	MAURICE LEVY				
	KATHLEEN BADENHORST				
	HALDANE WALTER CUNNINGHAM				
	SUSAN MERLE HOLMES				
	BERYL KEIL				
	ALAN ROBERT CARTER				
19	<b>CLLR SHANDRE MERYLIN HOFFMAN</b>	Yes	7		4
	CHARLENE DOROTHY SHELVER				
	ROSEMARY ANNE SCHROEDER				
	THANDILE PANYANA				
	THANDOLWETHU JALI				
	VUYOKAZI BLAYI				
	THABANG LENNOX SEJOSENGOE				
	GLORIA MERY FREYSTER				
	RODWELL CECIL FREDRICKS				
	ABIGAIL HAZEL OLIPHANT				
	PETRUS DAVID OLIPHANT				
20	<b>CLLR APHIWE GCWABE</b>	YES	7		3
	MASIXOLE NIMROD TIYA			9	

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
	SONWABO FUMANISA			7	
	BONGANI MLUMBI			8	
	AGRINETTE WILLIAMS			8	
	ANDILE TAFENI			7	
	SIPHOKAZI FUNDISA MBONJA			8	
	MZWANDILE ROYARD CWECWE			9	
	UNATHI NOGWEBU			8	
	LUVUYO TYAMZASHE			11	
	KWAMILA VANI			10	
21	<b>CLLR NKOSINATHI MNDI</b>	YES	4		0
	ZINGISA LUCAS ZWENI				
	NOPOLOLO GLADYS TYENI				
	NOLULAMO ORIENDA NXALA				
	CREGGIE MLULEKI GOGI				
	VUYANI MATYALANA				
	NOBUNTU BILLE				
	OLWTHU BANA				
	PHUMZA NQOZI				
	ANELE PINANA				
	PHINDILE XAKATA				
22	<b>CLLR SABELO BOOI</b>	Yes	9		4
	NOSICELO AGNES MAYO			3	
	DORA MOEKETSI			5	
	ZUKISANI XHANGA			6	
	THOZAMA MTSHATSHENI			6	
	NELISWA LORRAINE RAYIBO			5	
	DANISWA NQWILISO			7	
	NTOMBIZODWA MILRED MDLANKOMO			5	
	NAMHLA PIPILE			4	
	NOMAPHELO NXIWA			6	
	SANDILE MQWASHINI			5	



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
23	<b>CLLR SIMBONGILE SIDWELL GULWA</b>	YES	4		3
	XOLISA WELCOME KOMANI				
	ANDILE VICTOR MELUDE				
	THEMBANI NKAYI				
	MZIWANELE SIMON LINDENI				
	LESLEY MABOY AUGUST				
	MATHABO GQAMLANA				
	NOBUNTU MAVIS PONTSHI				
	PUMZILE NDABA				
	SIVENATHI FALI				
24	<b>CLLR MELISIZWE TUTU</b>	YES	0		0
	NOKUTHULA FLORANCE NSTHINGA				
	XOLANI VESHILE				
	MZINGAYE MLHOPHE				
	BUYISWA JONAS				
	NOMONDE ZITA				
	NOSIVIWE GQOSHA				
	YONELA GWENTSHU				
	ELLIOT BOLITA MOSE				
	GCOBISA GLADYS GONIWE				
	CALVIN THOBILE NJATYA				
25	<b>CLLR CYNTHIA MXABANISI-GAKRISHE</b>	YES	4		3
	NOBELUNGU NZUZO-RALA				
	ASANDA COLLEN QOSHA				
	ANDILE MENI				
	NOMVUKO THEODORA NDINDWA				
	THEMBELA GLADYS MFAKADOLO				
	NTOMBIZANELE NTOZINI				
	SILUMKO CHRISTOPHER MARAMBA				
	ANELE ROBERT NKWALASE				

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
	FUNIWE EUNICE MTYOKI				
	SEDGWWICK MHLELI JACOBS				
26	<b>CLLR MONDE MFENE</b>	YES	12		3
	NTOMBIZANELE NJOLI			6	
	ZOLISWA SAMANTHA TUSWA			6	
	SAKHUMZI OBEDIENT JAJI			2	
	VELISWA VINOLEAH QONDANI			8	
	BAQIWE EUNICE NQEZU			5	
	THELIWE XHONGOSHE			4	
	QHAMANI BATYI			2	
	ARON NABALA NTONGANA			2	
	XOLANI MLILWANA				
27	<b>CLLR BOY-BOY KALANI</b>	YES	0		0
	NOZUKO AKHANYA SONJICA				
	NOSIBULELO LINDA SITYEBI				
	THULANE MADALA				
	ZIMASA MPOFU				
	NIKISWA INNOCENTIA KONDILE				
	SIPHOSETHU MAVUKA				
	NOMONDE MAQOKOLWANA				
	LUNGA MQHAYI				
	AYANDA TEENAGE TUNYWA				
	SIKO DALASILE				
28	<b>CLLR FREDRICK CAREL POHL</b>	YES	6		4
	FANSILEKI ZWELINZIMA				
	SIKHULULE SIBALI				
	SHARONNE BERNADETTE DEWING				
	BRENDA PAMELA GUNGU				
	MICHAEL GOERGE WILLIAMS				
	CAREL ANNE MAYER				

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
	SETON JOHN PROUD				
	MERVYN MALCOM SYMONS				
	HENDRICK SMIT				
	NORMAN ROBERT AGNEW				
29	<b>CLLR VALERIE DAWN KNOETZE</b>	YES	0		0
	CHRISTIAN ANDRIES SWART				
	DEWALD KNOETZE				
	LEONARD JOHN GERBER				
	RUSSELL WAYNE DE REUCK				
	MICHAEL MCLAREN				
	CAROLYN HENN				
	MARION MACKELY				
	ADOLF HENDRICK SMIT				
	ZANDER SMIT				
	JOHANNA PETRONELLA SMIT				
30	<b>CLLR NONTYILELO WHITTINGTON</b>	YES	6		3
	FUNEKA TWASHU			12	
	RICHARD NELSON BANJWA			12	
	NOMPUMELELO VICTORIA GODA-SHELENI			12	
	NTOMBIKAYISE GQADUSHE			12	
	XOLISWA BEAUTY TATAYI			12	
	PHUMLA NISEKO			12	
	NOMBUYISELO PRETTY BAVUMA			12	
	SILINDOKUHLE TYENI			12	
	NONANI MASHIBINI			12	
	BULELWA DOREEN BULANE			12	
31	<b>CLLR BONISANI BANGANI</b>	YES	1		4
	SINDISWA VENUS TSHWELI				
	PATISWA JULIET MQUQU				

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
	BONISILE DAVID MKOBENI				
	OLWETHU MABUDA				
	PUMZA JULIA MGAJU				
	PUMEZO MABUSELA				
	NOLUVUYO PEKUZA				
	SIYAVUYA TUKUTEZI				
	KHOLEKA CYNTHIA MALI				
32	<b>CLLR NTOMBEKHAYA SAMBANA</b>	YES	0		2
	ANDILE SIZANI				
	NTOMBENSTHA VERONICA GAULA				
	NOZIPHO SHEILA MAWENI				
	NTOMBIZAKHE JALI				
	SISEKO KENNY VELU				
	PHELISILE PATRICK STRATO				
	SIMON MERILE				
	ZAMIKHAYA PETRICK MARANGXA				
33	<b>CLLR MLULEKI DAVID THOMAS</b>	YES	3		0
	BUYISWA VINUS KWAYIMANI				
	BULELWA MAHOLWANA				
	ZOYISILE CHRISTOPHER BOSO				
	SIYABONGA TOM				
	BONIWE DYAKOPU				
	THUNDEZWA TSHUBABANTU				
	LINDILE LENNOX VUSANI				
	FEZIWE MBILINI				
	XOLANI KALIPA				
34	<b>CLLR MAYIHLOME MCAKO</b>	YES	3		1
	NANGAMSO MAKAYI				
	MANDISA HLAZO				

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
	MAMPHO NOSIPHO BUZANI				
	OLWETHU TABO				
	NELISWA KEIT				
	AMANDA MTWAKU				
	THEMBELA NICHOLINE FENI				
	NOSIPO BLOSSOM MTSHAULANA				
	XOLANI NELSON NGCAM				
	PHUMZILE MANGXOLA				
35	<b>CLLR SIMBONGILE PHAM</b>		5		3
	SINDISWA MONICA NANTE				
	SIMPHIWE MAGQAZA				
	NOLUNDI ANGEL MALGAZ				
	PHELO PAMELLA NAKA				
	NOLUBABALO CECILIA NOYILA				
	SIKHULULWE MELANE				
	OLWETHU NDIKI-PLAATJIE				
	NOKUTHULA KULA				
	NONTLANTLA VENI				
36	<b>CLLR BONGIWE SAULI</b>	YES	6		2
	NELSON XOLANI MAWUWA				
	THEMBAKAZI MFUKU				
	MBULELO CLEFORD MAGCOBA				
	ANATHI MATADI				
	BULELWA VELEM				
	MAJOR LUNGISILE SOMNONO				
	PUMEZA CIBI				
	SONWABO LIVINGSTONE JOYISI				
	VELISWA FAITH SOPOTELA				
	KILANI ANDILE				
37	<b>CLLR NTOMBEKHAYA NTSHEBE</b>	YES	4		1

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
	PHIWOKUHLE AKHONA LINDANI				
	GALLANT VULINDAWO SISWANA				
	PHILA KHANGELANI JENTILE				
	YANDISA UNATHI MBEWU				
	MZIMKHULU MERRYMAN GQAMANE				
	ASANDA BEREND				
	GLORIA NTOMBIZABANTU MABESI				
	ZOLISWA MATENJWA				
38	<b>CLLR NTOMBOMZI NDOTYI</b>	YES	5		4
	ZIKHONA CEBOKAZI MBOLEKWA				
	MOMFUSI CYNTHIA MJAKUJA				
	LUNGEKA OLGA SIGWELO				
	THOZAMA BEAUTY GWAM				
	LUDWE MFUMFU				
	SISANDA HAPPINESS NKANJENI				
	SYLVIA PHINDILE TANALI				
	NKULULEKO MAXIN MANI				
	NOLUTHANDO MONI				
	MANELISI CALLCIUS KEPE				
39	<b>CLLR LUNGA GQOLA</b>	YES	0		1
	NONDUMISO YAKOBI				
	MZUVUKILE GOODMAN NGALO				
	MELVIN JAMES SMITH				
	LUKHANYO FABA				
	BATHINI MANELI				
	MANDILAKHE MNYAKA				
	NOLUKHOLO MBAQA				
	NOKHANYO MXINZELELI				
	NICHOLUS MZIWABANTU GQIBA				

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
40	<b>CLLR KHOLIWE THEMLA FAKU</b>	YES	7		2
	NOMTHANDAZO JOSI				
	THEMBINKOSI MICHAEL GXALATANE				
	MPHUMEZO MAGQUPU				
	NWABISA MLOLWENI				
	NTOMBOVUYO SAM				
	JUSTICE MAKAPELA				
	THANDOKAZI MQUQO				
	SIYABULELA TSHEFU				
	ASANDISO GALADA				
	BONISWA MAVIS NTSHEBE				
41	<b>CLLR SINDISWA SKEPE</b>	YES			2
	NOKUZOLA CHRISTINA FATUSE				
	PUMLA MADLINGOZI				
	NOMFUNeko NDADANA				
	THOZAMA JENNIFER MOMOTI				
	WONKE MANELI				
	NELISWA CAROLINE MPOFU				
	THEMBELA COPISO				
	VELISWA MARVELLOUS NKONGO				
	ANDISWA GXALEKA				
42	<b>CLLR PHAKAMILE BAMLA</b>	YES	10		1
	NJONGO MGAYI			5	
	NOKUBONGA GOLA			8	
	ANELE SILINYANA			6	
	LWANDILE FAKU			3	
	IKHO BASHMAN			2	
	VUYOKAZI AURLEEN SOMTA			8	
	NOMFUNDO PREMROSE NJANDU			9	

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
	ZANELE ELIZABETH GOBINGCA			5	
	PUMLA NGWANE			9	
43	<b>CLLR DUMISANI MAHANJANA</b>	YES	1		2
	NOXOLO TSABANE				
	KOLOSA GADU				
	PHELISA FLOURIDE BLOM				
	THOMAS SAKELE				
	PUMLA PATIENCE MHLOBO				
	STANFORD MRWEBI				
	NOZIBONELE MNYIKIZO				
44	<b>CLLR MWEZI DANISO</b>	YES	1		2
	NOMTHANDAZO KHAVE				
	NELISWA SWEETNESS MAVUKUZA				
	WELILE ISAAC NTOZINI				
	TOZAMA MLATA				
	RACHEL FRITZ				
	NOMAGUGU MONICA TYALA				
	MAWETHU HAWELL QABA				
	PHELISA NDLEBE				
	SINDISWA BAKUBALO				
	CHERYLDINE JACQUELINE BOUTCHER				
45	<b>CLLR THULANI TEMPI</b>	YES	0		0
	BULELWA MAVIS MATAYITAYI				
	LULAMA LILIAN MGOLOMBANE				
	ETHELIN THEMBEKA JAVU				
	LONWABO KIMBILI				
	SEBENZILE ALFRED QAMARANA				
	SONGEZO VICTOR SAM				
	MKHULULI NGINASE				



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
	LIHLE SHUSHU				
	MAWETHU ETHEL MAYINJI				
	KWEZILOMSO MGWADLELA				
46	<b>CLLR NCEBA KILIMANI</b>	YES	6		1
	TEMPLETON MPUMELELO SABA				
	THANDISWA MARGRET KOLISI				
	ZAMXOLO DRESI				
	NOKUZOLA FLORANCE NDONDO				
	SIPHOKAZI THERESA MALOYI				
	SIVENATHI DYABA				
	ZINAKILE JEFFREY APRIL				
	ERIC BOY RUSI				
	NOLUVUYO MAQUBELA				
47	<b>CLLR FUNEKA SARAH WOLOSE</b>	YES	5		1
	NTOMBIZODWA JUDITH MANYATHI				
	LINDSEY POLLOCK				
	WLLIAM DONNE GOULD				
	SEKELENI MAKELENI				
	KULUSHE VICTORIA MYEKENI				
	VUSUMZI MISHACK NGCABA				
	BULELANI PIKE				
	NKOSINATHI SIFENENGU				
	YOLANDA LIVINUS				
48	<b>CLLR PUMEZO JAXA</b>	YES	8		4
	VICTOR SIVUYILE NGOZI			4	
	NONTEMBISO ADELAIDE TWETWA			5	
	ZOLEKA NDUKU			5	
	XOLANI MAFANGA			5	
	ANDILE JACOB			5	

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
	MXOLISI SAMUEL JAFTA			3	
	IKE SIMELE SALI			4	
	ZANDILE BOMENI			5	
	PHUMEZO HLANGANISE			4	
	SIYANDA NKWENKWANA			5	
49	<b>CLLR AYANDA NKALA</b>	YES	0		2
	SINDISWA SYLVIA NKALA				
	SIYATHEMBA KATSAZA				
	MONICA KWAYIMANI				
	PHUMLANI TSHAKA				
	REUBEN DYANTYESI				
	SIPHO BATALA				
	VUYISWA VUMENDLINI				
	THANDEKILE WAPI				
	NOWHISE BANJWA				
	MAGAQANA CHARLIE KOSE				
50	<b>CLLR ANELE GUNYAZILE</b>	YES	0		0
	NTOMBINA GLORIA MAYIZELI				
	THEMBISILE MATELISE				
	NONTOMBI XAKAVU				
	SISTER MDUDUMANA				
	WANDISILE PLATYI				
	ZUKISWA SYLVIA KETSHESE				
	BENNY MASAMANZI				
	VUYOKAZI MAHLAMBENI				
	SIPHOKAZI CWABA				
	SITHEMBISO DYELE				

**APPENDIX F – WARD INFORMATION**

<b>Ward Title: Ward Name (Number)</b>				
<b>Capital Projects: Seven Largest in Year 2022-2023 (Full List at Appendix O)</b>				
				<b>R' 000</b>
<b>No.</b>	<b>Project Name and detail</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Value</b>
1	Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)	18/07/2022	20/06/2023	66 789 325
2	Energy Efficiency Demand Side Management Programme	N/A	N/A	0
3	Electrification of Informal Dwelling Areas – BCMM	18/07/2022	22/06/2023	16 983 245
4	USDG Electrification Programme	18/07/2022	30/06/2023	8 984 585
5	Street Lighting and Highmasts within BCMM Areas of Supply	18/07/2022	30/05/2023	4 991 966
6	Rehabilitation and upgrade of Settlers Way and Military Roads	17 May 2021	31 October 2023.	R 461 832 000,00
7	Mdantsane roads upgrade phase 4b:			R246 MILLION
8	Upgrading of Zwelitsha WWTW			
9	Diversion of Sewage from Central WWTW to Reeston WWTW			
10	Augmentation of Water Treatment Capacity			
11	Bulk Water Supply to Coastal Areas)			

*TF.1*

**NB. Detailed information regarding TF.1 is reflected at Appendix O below**

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	250 530	246 692	137765	223568	X
Households without minimum service delivery	2 947	8 435	37000	0	
Total Households*	253477	255127	174765	223568	
Houses completed in year	X				
Shortfall in Housing units					
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 2022/23
	Electrification of formal and informal dwelling	343 new connections completed
	Street lighting in BCMM area of supply	General Maintenance
	High-mast lighting for security	6
		T F.3

#### APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2022/2023

Municipal Audit Committee Recommendations		
Date of Committee Meeting	Committee recommendations during 2022/2023	Recommendations adopted (enter Yes) If not adopted (provide explanation)
Audit Committee Meeting – 29 July 2022	3	2-Yes 1-Pending
Audit Committee Meeting – 26 October 2022	2	1-Work-In-Progress 1-Pending



## APPENDIX I: MUNICIPAL ENTITY SERVICE PROVIDER PERFORMANCE SCHEDULE

### Outcome 1: Dynamic Tourist attraction

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.1 Number of research reports developed.	2 Research outputs developed	R150 000	Investment Promotion and Tourism Development	Achieved 2 Research reports developed	Research on Douglass Street completed informal trader needs completed.  Research report on waste management output analysis completed.	None
1.2 Number of visitors from the point a facility is rolled-out into the market.	1000 visitors to BCMDA facilities	R0	Investment Promotion and Tourism Development	Not achieved 0 visitors to BCMDA facilities	BCMDA Water World and Court Crescent projects are incomplete and could not take visitors	Completion of Court Crescent and Water World
1.3 Number of world class tourism routes developed.	3 Tourism routes business cases developed	R600 000	Investment Promotion and Tourism Development	Achieved 3 Tourism routes business cases developed	3 routes in Duncan Village (museum,	None
1.4 Number of events attracted to BCMDA facilities through organisers	1 negotiations report event organiser.	R0	Investment Promotion and Tourism Development	Not achieved 0 negotiations report event organiser	Due to lack of budget for transactional advisory services the project could not be initiated.	To peruse internal mechanisms to conduct negotiations.

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.5 Number of events calendars developed	1 Digital Events Calendar developed (Prototype)	R100 000	Investment Promotion and Tourism Development	Achieved 1 Digital Events Calendar developed (Prototype)	Document presented at EXCO.  Next steps:  Provide training to end user staff (6 people) on the usage of the system.	None
1.6 Number of assessment reports on TIM	1 draft updated TIM		Investment Promotion and Tourism Development	Not achieved Farmwork for teams' assessment developed.	Not enough time was allocated to TIM's report	Prioritise this implementation next quarter
1.7 Number of public art initiatives implemented	1 public art feature installed.	R1000 000	Investment Promotion and Tourism Development	Not achieved 0 public art feature installed	BAC is still to approve the installation of Public Art features.	None

**Outcome 2: Attractive home for global investments and sustainable economic development**

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.8 Number of investment research reports.	1 draft investment research report	R0	Investment Promotion and Tourism Development	Not Achieved 0 investment research report	An investment research report not done due to no budget	Budget allocation in the new financial year is key
1.9 Number of investment deals concluded.	1 Notarial Lease concluded for Water World Hotel	R50 000	Investment Promotion and Tourism Development	Not achieved 0 Notarial leases concluded	BCMDA is reconsidering its negotiation posture and hence is considering renegotiating its deal with the investor.	Confirm BCMDA position and initiate negotiations with investors
1.10 Value of investment deals concluded.	R 350 million secured	R0	Investment Promotion and Tourism Development	Not achieved R 0 secured	BCMDA is reconsidering its negotiation posture and hence is considering renegotiating its deal with the investor.	Confirm BCMDA position and initiate negotiations with investors
1.11 Number of investment policies developed	1 investment policy and strategy adopted	R0	Investment Promotion and Tourism Development	Not achieved 0 investment policy and strategy adopted	Policy and strategy were adopted by PDIC however are yet to be presented to board. investment policy and strategy at draft stage	Present Investment policy and strategy to board
1.12 Number of land parcels identified for investment opportunities	1 Report on land parcels developed	R0	Investment Promotion and Tourism Development	Not Achieved 0 Report on land parcel developed	Areas and sectors for investment have been identified, the next phase is to identify	Awaiting land audit report from the City



Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					specific land parcels.	
1.13 Number of investors identified on property developed (Water World Racetrack)	1 investor identified for water world Racetrack revitalisation	R50 000	Investment Promotion and Tourism Development	Not achieved 0 Investor identified	BCMDA is still reviewing its commercialization strategy regarding the East London racetrack	Complete
1.14 Number of technical reports on property developed (BCMM office space needs)	2 progress report on property development on BCMM and BCMDA Space Needs developed	R0	Investment Promotion and Tourism Development	Achieved 2 progress report on property development on BCMM and BCMDA Space Needs developed.	None	None
1.15 Number of land parcels allocated investors (Sleeper Site)	2 draft notarial lease developed (Sleeper Site and Marina Glen A)	R0	Investment Promotion and Tourism Development	Not Achieved 0 draft notarial lease developed (Sleeper Site and Marina Glen A)	Negotiations have yet to take place for both properties	None
1.16 Number of notarial lease agreements signed (Victoria Grounds Stadium)	1 notarial lease concluded 1.Victoria Grounds Stadium 2.Seaview Terrace	R200 000	Investment Promotion and Tourism Development	Not achieved 0 notarial lease concluded.	Draft Notarial lease was concluded however there was opposition to the stadium being used and 3 alternative sites were shown to the investor. An investor decision will be made once they have decided	The investor has been engaged with alternative sites in Qonce.

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					on the financial projections.	

### Outcome 3: A robust property market

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.17 Number of Policies developed for Business Improvement Districts (BIDS) and Special Rates Area (SRA) [rural/urban].	1 policy	R1 700 000	Property Planning, Development and Management	Not Achieved  0 policies developed	Draft policy presented to BCMDA EXCO. The indication was that this is a high-risk project as majority property owners will be opposed and not want to share details of their properties. This comment has led to uncertainty on whether to proceed or not. Public participation needs to be conducted prior submission to Board and/or Council	Initiate public participation process in line with BCM processes.
1.18 Approval of beach designs (Architectural designs)	1 approved design beach (Winterstrand Beach)	R500 000	Property Planning, Development and Management	Not Achieved  0 beaches designed	- Delays encountered due to consideration of replacing Winterstrand Beach with	To source budget

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					Nahoon Beach. - Terms of reference for professional services were advertised and evaluated, however no appointment made due to budget limitation.	
1.19 Number of property development projects completed.	2 projects - Water World and Court Crescent	R29 625 289	Property Planning, Development and Management	Not Achieved  0 projects completed	- Contractual issues at Water World have led to termination of Contractor's contract.  - Court Crescent encountered delays due to Employer's Agent abandoning works in protest of payment.	Court Crescent site handover and official opening will be done once contractor has completed de-snagging.
1.20 Number of properties operationalised	2 projects operationalised (Water World and Court Crescent)	R1 200 000	Property Planning, Development and Management	Achieved  2 projects operationalised	Court Crescent - Operating model has changed. The site facility will be handed back to BCMM for operating.  Water World – Contractor's	Operating model changed and operationalisation is no longer necessary

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					contract was terminated; therefore, the project has been on hold since April 2023.	
1.21 Number of projects undertaken as part of BIDS	1 project	R650 000	Property Planning, Development and Management	Achieved  1 Project	Still within contract period Project in progress (Ebuhlanti)	None
1.22 Number of private property investments that get all the necessary approvals from both local and provincial government	7 private property investments	R0	Property Planning, Development and Management	Not Achieved  0 private property investments	In progress  Information from third parties with respect to Victoria Grounds has been requested and awaiting feedback.	Continuous follow ups
					In progress  Information from third parties with respect to Water World Hotel development has been requested and awaiting feedback.	Continuous follow ups
					In progress  Information from third parties with respect to BCMM space needs has been requested and awaiting feedback.	Continuous follow ups
					In progress  Information from third parties with respect to the	Continuous follow ups

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					Eastern Beach development has been requested and awaiting feedback.	
					In progress Information from third parties with respect to Sleeper Site has been requested and awaiting feedback.	Continuous follow ups
					In progress. Information from third parties with respect to Seaview terrace has been requested and awaiting feedback.	Continuous follow ups
					In progress Information from third parties with respect to Marina Glen A has been requested and awaiting feedback.	Continuous follow ups

**Outcome 4: Delivered Socio-Economic development programs**

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.23 One project with direct impact and improvement to marginalised groups (direct impact e.g., jobs creation,	1 project (waste management programme implemented in Duncan Village)	33 136 668	Property Planning, Development and Management	<b>Not Achieved</b>  0 Waste Projects management	- Socio Economic components, resulting in job creation, education and	Procurement of design and implementation services for the Buy-Back Centre.

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
improvement in poverty levels, number of people positively impacted by interventions)	and design of Buy Back Centre			implemented.	<p>awareness is ongoing and progressing well, without challenges.</p> <ul style="list-style-type: none"> <li>- Infrastructure Component - Service provider was terminated after providing designs that exceeded the allocated budget. A new service provider will be sourced.</li> </ul>	
1.24 Number of Community Development projects supported by CSI	3 projects	R144 651	Property Planning, Development and Management	<p>Not Achieved</p> <p>1 CSI projects implemented for Mandela day.</p>	2x non-responsiveness of submissions due to non-compliance to requirements. Budget was redirected and spent on a different CSI project.	

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.25 Number of Community Development projects supported by CSI	3 community development projects supported (brand building)	R150 000	Investment Promotion and Tourism Development	Not Achieved  0 CSI project supported.	There was a re-prioritisation of these development projects, and these were put on hold.	Alternative projects will be identified over the coming financial year.
1.23 One project with direct impact and improvement to marginalised groups (direct impact e.g., jobs creation, improvement in poverty levels, number of people positively impacted by interventions)	1 project (waste management programme implemented in Duncan Village) and design of Buy Back Centre	33 136 668	Property Planning, Development and Management	Not Achieved  0 Waste management Projects implemented.	Procurement process in progress for new service provider	Procurement process in progress for new service provider
1.27 Number of Rural Development Programmes supported	1 rural development intervention implemented	168 600	Investment Promotion and Tourism Development	Achieved  1 rural development intervention implemented.	Agriculture inputs were provided for Shushu B Village as well as Macleantown village as part of the rural development programme.	None
1.28 Number of SMME strategies developed	1 SMME Strategy implementation report	R0	Investment Promotion and Tourism	Achieved  1 SMME Strategy	After calls for proposals on SMME support and analytical report detailing	None

<b>Output Indicator</b>	<b>2022 / 23 Annual Targets</b>	<b>2022 / 23 Budget</b>	<b>Owner</b>	<b>Achievements / Progress</b>	<b>Comments/ Challenges</b>	<b>Corrective Measure</b>
and implemented			Development	implementation report	nature and type of SMME support required has been developed.	
1.29 Project 2 (Integrated Waste Management, Beautification programme) (PEP Public Employment Program) short term project 6 months	Project implementation report (close out)	R18 551 066	Investment Promotion and Tourism Development	Achieved  1 Project implementation report developed.	Implementation report has been developed. However, because the project has been extended it is no longer a close out report.	None
1.30 Number of jobs created in Project 2 (PEP)	200 jobs created	9 600 000	Investment Promotion and Tourism Development	Achieved  200 jobs created.	At the end of the year the BCMDA over 250 jobs created.	None
1.31 Number of participants from designated groups employed	40 participants from designated groups	0	Investment Promotion and Tourism Development	Achieved  80 participants from designated groups were sustained.	At the end of the quarter the Agency had over 80 participants in the Designated groups category.	None

**Outcome 5: A well governed and viable agency**



<b>Output Indicator</b>	<b>2022 / 23 Annual Targets</b>	<b>2022 / 23 Budget</b>	<b>Owner</b>	<b>Achievements / Progress</b>	<b>Comments/ Challenges</b>	<b>Corrective Measure</b>
<b>1.32 Health of financial ratios</b>	Liquidity = 2:1 Debt Coverage = 1:1 Operating Cost Coverage = 2:1 Solvency = 1:1 Profit margin = 5%	R0	Chief Financial Officer	Achieved  As per the financial statements	1.7:1	None
<b>1.33 Implementation of a Financial Sustainability Strategy</b>	Implementation and Monitoring of Financial Sustainability Strategy	R0	Chief Financial Officer	Achieved.  As reported in the quarterly reports to the City	Implementation and monitoring is performed monthly	None
<b>1.34 Compliance on financial planning, administration, and reporting requirement</b>	100% compliance	R0	Chief Financial Officer	Achieved.  4 reports submitted to the City	100% compliance	
<b>1.35 Improved Audit Outcome</b>	Unqualified Audit Opinion without findings	997 360	Chief Financial Officer	Achieved.  Achieved for 21/22	New audit findings on material adjustments on AFS and deficiencies identified on project management	None
<b>1.36 Expenditure incurred</b>	97% Spending of grant from the city.	R0	Chief Financial Officer	Achieved.	97%	None
<b>1.37 Improved percentage implementation of recommendations from External and Internal Audit Reports</b>	90% Implementation of recommendations from External and Internal Audit reports	R0	Chief Financial Officer	Achieved.	100% implementation of recommendations from External and Internal Audit	None

<b>Output Indicator</b>	<b>2022 / 23 Annual Targets</b>	<b>2022 / 23 Budget</b>	<b>Owner</b>	<b>Achievements / Progress</b>	<b>Comments/ Challenges</b>	<b>Corrective Measure</b>
1.38 Percentage LEVEL ONE BBEE expenditure on procurement of goods and services	0.75	R0	Chief Financial Officer	Achieved.	95.86%.	None
1.39 Agency performance level	100% Performance Level Achievement	R0	Corporate services	Achieved. Mid-term and annual reviews for all staff completed	Mid-term and annual Reviews were conducted.	N/A
1.40 Level of wellness of the employees	100% Employee Wellness	R120 000	Corporate services	Achieved. Appointed Service provider in place to deal with Employee wellness.	Continuous Implementation of the programme. Counselling and Advisory Services were provided to staff in need.	N/A
1.41 Competitiveness of reward systems	Market related salaries for talent attraction and staff retention	R30 300 942	Corporate services	Not Achieved. Deferred to the ODD process	As part of ODD & Migration, the job profiles for staff below Executives were to be revised, however, the process has been put on hold. The agency is in a process of re-doing ODD Process	Subject to the finalisation of ODD Process
1.42 Employment Equity Compliance	100% compliance with Employment Equity	R0	Corporate services	Not Achieved. The EE plan was not finalised.	Priority was given to other projects due to limit resources	The plan is deferred to Q1 of the new financial year

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
						which is finalise the EE plan.
1.43 Skills Development and Highly Skilled Staff	97% spent of approved training budget	R433 910	Corporate services	Not Achieved. 83% spend	Minimal implementation of the training plan over Q4 resulted in less than 97% spent.	Closer Alignment of training to PDP.
1.44 Level of global connectedness [Number of systems/solutions deployed]	2 Systems/ Solutions deployed	R321 339	Corporate services	Not Achieved. DR solution deployed.	Implementation of an offsite Disaster Recovery Solution (IDZ)	N/A
1.45 Amount of contribution to relevant research platforms on relevant work [Number of research platforms adopted]	2 Research Platforms adopted	R0	Strategy and research	Achieved.	Budget has been deployed for the initial work to take place. Contact has been made with NMU and Fort Hare.	None
1.46 Amount of contribution to Smart City programme [Number of smart city initiatives implemented]	2 Smart City Initiatives implemented	R50 000	Corporate services	Not Achieved. Digital events calendar only was developed.	The Hosting of Digital Events Calendar was completed in Q4	N/A
1.47 Governance maturity level	Level 4: Corporate Governance Maturity level	R2 998 871	Legal and ComSec	Achieved.	All 9 matters related to the index were completed over the quarter. 100% compliance was achieved.	None

<b>Output Indicator</b>	<b>2022 / 23 Annual Targets</b>	<b>2022 / 23 Budget</b>	<b>Owner</b>	<b>Achievements / Progress</b>	<b>Comments/ Challenges</b>	<b>Corrective Measure</b>
1.48 Number of reports and data sets that supports sound decision making made available to partners	3 reports and datasets made available to partners	R0	Investment Promotion and Tourism Development	Achieved.  Performance reports, Council reports and route development was provided	Annual Report provided to stakeholders. BCMM Quartey reports provided to municipality, Investment reports provided to Council, Route development reports provided to stakeholders.	None
1.49 Number of companies / institutions / individuals to whom you have sent information and received feedback	5 companies / institutions / individuals engaged	R0	Investment Promotion and Tourism Development	Achieved.	Stakeholder report provides details of companies engaged Khuselo Lwesizwe, Walter Sisulu University, BCMTV and Border Kie Chamber of Business	None
1.50 Value derived from Stakeholder Management [Number of engagements converted to Strategic Partnerships]	2 engagements converted to Strategic Partnerships	R0	Investment Promotion and Tourism Development	Achieved	Stakeholder report developed. Strategic partnership established with Walter Sisulu University, BCMTV and Border Kie Chamber of Business.	None
1.51 Number of annual performance reports developed	Number of annual performance reports developed	R0	Office of the CEO	Achieved.  Annual report developed and	None	None

<b>Output Indicator</b>	<b>2022 / 23 Annual Targets</b>	<b>2022 / 23 Budget</b>	<b>Owner</b>	<b>Achievements / Progress</b>	<b>Comments/ Challenges</b>	<b>Corrective Measure</b>
				submitted to the City		
<b>1.52 Number of Integrated Annual Report Developed</b>	<b>Number of Integrated Annual Report Developed</b>	<b>R0</b>	<b>Office of the CEO</b>	<b>Achieved</b>	<b>Comments from MPAC aligned to MFMA Circular 63 was done and adjusted.</b>	<b>None</b>
<b>1.53 Number of communication policies developed and implemented</b>	<b>1 communication policy adopted</b>	<b>R0</b>	<b>Investment Promotion and Tourism Development</b>	<b>Not achieved.</b>	<b>Communication policy is yet to be tabled to board</b>	<b>The policy to be tabled in the coming financial year 23/24.</b>
<b>1.54 Number of communication strategies developed</b>	<b>1 communication strategy implementation report developed</b>	<b>R650 000</b>	<b>Investment Promotion and Tourism Development</b>	<b>Not achieved.</b>	<b>The communication strategy is still being developed.</b>	<b>Once the policy is approved a strategy will be developed.</b>

## APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

### DISCLOSURE OF FINANCIAL INTERESTS FOR BCMM 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 Extent of Interest Aard en Omvang van belang
HUMPHREY MAQOCWA COMELY MAXEGWANA	SASOL INDZALO		SHARES	ORDINARY
	<a href="#">EASTERN CAPE SOCIO ECONOMIC CONSULTATIVE COUNCIL</a>		NON-EXECUTIVE DIRECTOR	
	2 RESIDENTIAL PROPERTIES		OWNER	
	ALEXANDER FORBES		PENSION FUND	
	SPECIAL PENSION (GOVERNMENT)		PENSION FUND	
	RUGBY WORLD CUP (PRETORIA)		MULTI CHOICE	GIFT
NONTOBEKO LUHADI	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
BONGIWE SAULI	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
ALUTA NOKOYO	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
TERENCE FLAVIAN FRITZ			DADDY TEE BUILDERS CC(WIFE)	CLOSE CORPORATION
			GOVERNMENT OLD AGE ( WIFE)	

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
<b>PHAKAMILE BAMLA</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
ncedo <b>kumbaca</b>			2 RESIDENTIAL PROPERTIES	OWNER
			BUFFALO CITY METROPOLITAN DEVELOPMENT AGENCY	BOARD MEMBER
			EAST LONDON INDUSTRIAL DEVELOPMENT ZONE	BOARD MEMBER
<b>SONGEZO NKUNGWINI</b>			WHIPHOLD PROJECT	GIFT
<b>MNINAW LEWIS NYUSILE</b>			ALEXANDER FORBES	PENSION
<b>DINESH VALLABH</b>  <b>DINESH VALLABH</b>			SASOL	ORDINARY
			LITTLE CREEK	SHAREHOLDER
			DINESH FAMILY TRUST	FAMILY
			DMD PARTNERSHIP	PARTNER
			WALTER SISULU UNIVERSITY	PROFESSOR
			3 RESIDENTAIL PROPERTIES	OWNER/PARTNER
			RESIDENTIAL PROPERTY (INDIA)	
			INTERNATIONAL TRAVEL (TRIP PAID BY WALTER	

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
			SISULU UNIVERSITY)	
ANELE <b>SKOTI</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
NOZIBELE EMILY <b>TSHABE</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
MONDE <b>MFENE</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
FUNEKA SARAH <b>WOLOSE</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
JOHANNES DICK <b>GREEN</b>			ROOTS COMMUNITY AND YOUTH DEVELOPMENT CENTRE (NPO)	DIRECTOR
			RESIDENTIAL PROPERTY	OWNER
ROY <b>angelbeck</b>			DEROSA TRUST	TRUSTEE
			RCD	PARTNER
			IRONWOOD BARN	
			2 COMMERCIAL PROPERTIES ( FARM)	OWNERS/TRUST OWNER
			3 RESIDENTIAL PROPERTIES	OWNER
KUHLE <b>CILIZA</b>			CILIZA FOUNDATION (NGO)	ORDINARY
KWANELE <b>ZONKE</b>			NDINANI EMPOWERMENT CENTRE	DIRECTOR
			VOICEMAIL JEAN	DIRECTOR



<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
			ZOMMA TRADING	DIRECTOR
ntombenani goci			OLAGMM (PTY)	DIRECTOR
ANELE gunyazile			MARY CARES NURSING AGENCY	HOME CARER
			SHAPING NEW MINDS	
			GOVERNMENT PENSION FUND	
SIXOLISIWE NTSASELA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
melisiwe TUTU	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
NTOMBOMZI KESE	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SABELO BOOI	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
PUMEZO JAXA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
ONELA MANGXOLA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
YOLANDA MASIKI	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
NWABISA MCWABENI	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
AMANDA RALASI	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
VUYOKAZI SIBOYANA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
<b>SINDIDWA SKEPE</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>NOZUKO STIMELA</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>LEMARC ALLISTER STEWARD</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>DEBORAH ANNE THERON</b>			RESIDENTIAL PROPERTY	OWNER
			GONUBIE ROTARY CLUB	
<b>CLARA YEKISO-MOROLONG</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>NWEZI DANISO</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>PEARL HANSEN</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>BOY-BOY KALANI</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>NCEBA KILIMANI</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
<b>HELEN NEALE-MAY</b>			GARMER AND NOSH (PTY) LTD	
			DALI TAMBO	OWNER
			GONUBIE COMMUNITY POLICE FORUM	MEMBER
			GONUBIE ROTARY CLUB	MEMBER
			MEMBER	

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
			RAKI MASTER HEALER	
<b>BEVERLY FRIEDA WOOD</b>			RESIDENTIAL PROPERTY	
<b>BEVERLY FRIEDA WOOD</b>			RETIREMENT INVESTMENT	
			CHILD MAINTANANCE	
<b>CINDY BATALA</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
<b>MANDLA FAKU</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
<b>LUNGA GQOLA</b>			BORNTYRE TRADING	
			L AND G TRADING	
			ELAM CEBO TRAVEL AGENCY	
			KWALINI BUSINESS FORUM	
<b>OSCAR MHLAULI</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
<b>KOLEKA MPHUPHA</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
<b>AYANDA NKALA</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
<b>NTOMBEKHAYA NTSHEBE</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
SANGWENI <b>MATWELE</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
KHOLIWE <b>FAKU</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
GRAHAM <b>LOTTERING</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
MLULEKI DAVID <b>THOMAS</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
JASON <b>MCDOWELL</b>			MCDOWELL AGENCIES	
			PLATINUM MINE INVESTMENT	
ANDILE <b>PHETHANI</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
NONTYILELO <b>WHITTINGTON</b>			ANIZAMETIX (PTY) LTD	
MENDY <b>WETSETSE</b>	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
XOLA <b>PAKATI</b>			SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION (SALGA)	DEPUTY PRESIDENT
			SACN	CHAIRPERSON
VUSUMZI <b>TUTU</b>			QZL FURNITURE	OWNER
			NXARHUNI YOUTH DEVELOPMENT AGENCY	

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
			ZIZAMELE CO-OPERATIVE	SHAREHOLDER
BONISANI BANGANI			MBANJA TRANSPORT	
BONISANI BANGANI			BOVUYO HOLDING	
THULANI TEMPI			ABDEEL GENERAL TRADING PHUMELELA FUNERAL HOME	INVESTMENT (PTY)LTD FUNERAL SERVICES
APHIWE GCWABE	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
ANDRIES BERNARDO			TELGOWELL VAIR ART @AFRICA	SHARES (DEMANDS) SHARES (CRIPTO) ART BUSINESS
ANASTASIA BOTHA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
VOUGHAN HOLMES	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
CYNTHIA MXABANISI GAKRISHE	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SIYABONGA RUMBU	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
FREDERICK CAREL POHL			SANLAM LTD PROPERTY OWNER (GONUBIE AND BELLVILLE CAPE TOWN)	SHARES (ORDINARY) BOTH FOR RESIDENTIAL

<b>Name of Councillor</b> <b>Naam van Raadslid</b>	<b>Date of Notice to Company</b> <b>Datum van Kennisgewing van Maatskappy</b>	<b>Date of Minute</b> <b>Datum van Notulering</b>	<b>Particulars of Contract</b> <b>Besonderhede van Kontrak</b>	<b>Nature of Extent of Interest</b> <b>Aard en Omvang van belang</b>
VELISWA <b>MRWEBI</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SAKHUMZI <b>CAGA</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
NOYAKHE <b>ALONI</b>			UNITE ONE AFRICA  (NOT OPERATING)	
SIYABONGA <b>GIDA</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SUSAN BENTLEY  SUSAN BENTLEY			2 RESIDENTIAL PROPERTIES  ( EAST LONDON, GQEBERHA)	
			PLOT	
PRINCESS FAKU	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
AYANDA <b>GCOBO</b>	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
HALI LORNA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
VALERIE DAWN <b>KNOETZE</b>			RESIDENTIAL PROPERTY	
			CORENET AND INTERCOOLERS	

**DISCLOSURE OF FINANCIAL INTERESTS FOR CITY MANAGER AND HEADS OF DIRECTORATES**

<b>Name of Section 56 Manager</b>	<b>Date of Notice to Company</b>	<b>Date of Minute</b>	<b>Particulars of Contract</b>	<b>Nature of Extent of Interest</b>
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Mr Mxolisi Yawa	N/A	N/A	Ndosina Investment Holding Zondwa Properties (PTY) LTD Zondwa Trust Amaqadi Trust	None 100% Shareholder Trustee None
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
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 <b>(deceased)</b>	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 H. Sikweza	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



## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2021/2022	Current: 2022/2023		2022/2023 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 01 - Directorate - Executive Support Services	191	522	1 009	976	47%	-3%
Vote 02 - Directorate - Municipal Manager	27 415	23 693	16 704	16 861	-41%	1%
Vote 03 - Directorate - Human Settlement	236 851	348 050	348 677	234 412	-48%	-49%
Vote 04 - Directorate - Chief Financial Officer	3 035 621	3 340 617	3 420 366	3 318 040	-1%	-3%
Vote 05 - Directorate - Corporate Services	12 451	12 489	12 489	15 857	21%	21%
Vote 06 - Directorate - Infrastructure Services	4 476 048	4 621 226	4 560 396	4 171 271	-11%	-9%
Vote 07 - Directorate - Spatial Planning And Development	140 429	113 984	120 595	127 597	11%	5%
Vote 08 - Directorate - Public Safety & Emergency Services	179 714	219 117	197 277	175 534	-25%	-12%
Vote 09 - Directorate - Municipal Services	-	-	-	-	0%	0%
Vote 10 - Directorate - Economic Development & Agencies	133 371	269 889	241 811	84 581	-219%	-186%
Vote 11 - Directorate - Solid Waste, Environmental & Health Management	435 885	591 151	608 875	608 930	3%	0%
Vote 12 - Directorate - Sport, Recreation & Community Development	33 503	65 776	68 461	53 025	-24%	-29%
<b>Total Revenue by Vote</b>	<b>8 711 480</b>	<b>9 606 514</b>	<b>9 596 661</b>	<b>8 807 085</b>	<b>-9%</b>	<b>-9%</b>
<b>Expenditure by Vote</b>						
Vote 01 - Directorate - Executive Support Services	278 459	291 865	304 716	302 151	-4%	1%
Vote 02 - Directorate - Municipal Manager	148 509	154 574	149 903	140 743	9%	6%
Vote 03 - Directorate - Human Settlement	48 283	161 814	177 700	62 493	61%	65%
Vote 04 - Directorate - Chief Financial Officer	752 638	970 076	903 304	663 897	32%	27%
Vote 05 - Directorate - Corporate Services	243 555	227 076	260 363	247 398	-9%	5%
Vote 06 - Directorate - Infrastructure Services	5 493 492	4 869 537	4 665 447	5 038 006	-3%	-8%
Vote 07 - Directorate - Spatial Planning And Development	356 036	281 535	246 133	414 576	-47%	-68%
Vote 08 - Directorate - Public Safety & Emergency Services	501 899	501 008	526 139	521 138	-4%	1%
Vote 09 - Directorate - Municipal Services	-	-	-	-	0%	0%
Vote 10 - Directorate - Economic Development & Agencies	184 332	1 535 093	1 528 897	457 879	70%	70%
Vote 11 - Directorate - Solid Waste, Environmental & Health Management	602 264	656 627	717 110	705 520	-7%	2%
Vote 12 - Directorate - Sport, Recreation & Community Development	468 558	433 442	454 109	529 218	-22%	-17%
<b>Total Expenditure by Vote</b>	<b>9 078 024</b>	<b>10 082 646</b>	<b>9 933 822</b>	<b>9 083 019</b>	<b>10%</b>	<b>9%</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(366 544)</b>	<b>(476 132)</b>	<b>(337 161)</b>	<b>(275 934)</b>	<b>42%</b>	<b>18%</b>

### APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2021/2022	2022/2023			2022/2023 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	1 698 669	1 958 216	1 958 216	1 791 370	-9%	-9%
Service Charges - electricity revenue	2 091 151	2 549 552	2 469 552	2 146 397	-19%	-15%
Service Charges - water revenue	1 255 133	849 617	849 617	738 617	-15%	-15%
Service Charges - sanitation revenue	470 773	468 519	468 519	482 231	3%	3%
Service Charges - refuse revenue	387 546	385 616	385 616	398 396	3%	3%
Service Charges - other		-		-	0%	0%
Rentals of facilities and equipment	20 427	21 965	21 965	24 501	10%	10%
Interest earned - external investments	54 305	30 876	31 356	47 660	35%	34%
Interest earned - outstanding debtors	176 561	121 249	201 249	300 755	60%	33%
Fines	12 408	22 435	19 070	6 974	-222%	-173%
Licences and permits	12 115	19 739	16 778	12 216	-62%	-37%
Agency services	23 861	25 509	27 518	21 871	-17%	-26%
Transfers recognised - operational	1 099 887	1 446 763	1 476 568	1 212 167	-19%	-22%
Other revenue	1 392 045	971 583	940 612	886 775	-10%	-6%
Gains on disposal of PPE	16 618	-	-	394	100%	100%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 711 498</b>	<b>8 871 639</b>	<b>8 866 636</b>	<b>8 070 323</b>	<b>-9,93%</b>	<b>-9,87%</b>
<b>Expenditure By Type</b>						
Employee related costs	2 535 947	2 686 871	2 598 088	2 476 159	-9%	-5%
Remuneration of councillors	(69 153)	70 263	70 263	69 220	-2%	-2%
Debt impairment	1 338 506	121 125	1 211 246	897 828	87%	-35%
Depreciation & asset impairment	1 589 631	1 826 633	1 847 896	1 846 081	1%	0%
Finance charges	20 684	49 361	28 751	16 075	-207%	-79%
Bulk purchases	2 169 310	2 434 214	2 266 406	2 206 835	-10%	-3%
Inventory consumed	488	436 115	373 618	369 179	-18%	-1%
Contracted services	229 105	264 102	264 102	78 950	-235%	-235%
Transfers and grants	71 281	170 553	188 479	91 955	-85%	-105%
Other expenditure	1 236 971	1 941 273	1 002 836	924 673	-110%	-8%
Loss on disposal of PPE	529	82 136	82 136	85 922	4%	4%
<b>Total Expenditure</b>	<b>9 123 299</b>	<b>10 082 646</b>	<b>9 933 822</b>	<b>9 062 876</b>	<b>-11%</b>	<b>-10%</b>
<b>Surplus/(Deficit)</b>	<b>(411 802)</b>	<b>(1 211 008)</b>	<b>(1 067 186)</b>	<b>(992 553)</b>	<b>-22%</b>	<b>-8%</b>
Transfers recognised - capital		734 875	730 025	732 602	0%	0%
Transfers and subsidies - capital (in-kind - all)		-	-	4 160	0%	0%
<b>Surplus/(Deficit) for the year after capital transfers and contributions</b>	<b>(411 802)</b>	<b>(476 132)</b>	<b>(337 161)</b>	<b>(255 791)</b>	<b>-86%</b>	<b>-32%</b>
<b>Taxation</b>		-	-	-	<b>0%</b>	<b>0%</b>
<b>Share of surplus/ (deficit) of associate</b>	<b>45 257</b>	<b>-</b>	<b>-</b>	<b>(20 143)</b>	<b>100%</b>	<b>100%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(366 544)</b>	<b>(476 132)</b>	<b>(337 161)</b>	<b>(275 934)</b>	<b>-73%</b>	<b>-22%</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						
T K.2						

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2021/2022	Current: 2022/2023			2022/2023 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 01 - Directorate - Executive Support Services	191	522	1 009	976	47%	-3%
Vote 02 - Directorate - Municipal Manager	27 415	23 693	16 704	16 861	-41%	1%
Vote 03 - Directorate - Human Settlement	236 851	348 050	348 677	234 412	-48%	-49%
Vote 04 - Directorate - Chief Financial Officer	3 035 621	3 340 617	3 420 366	3 318 040	-1%	-3%
Vote 05 - Directorate - Corporate Services	12 451	12 489	12 489	15 857	21%	21%
Vote 06 - Directorate - Infrastructure Services	4 476 048	4 621 226	4 560 396	4 171 271	-11%	-9%
Vote 07 - Directorate - Spatial Planning And Development	140 429	113 984	120 595	127 597	11%	5%
Vote 08 - Directorate - Public Safety & Emergency Services	179 714	219 117	197 277	175 322	-25%	-13%
Vote 09 - Directorate - Municipal Services	-	-	-	-	0%	0%
Vote 10 - Directorate - Economic Development & Agencies	133 371	269 889	241 811	75 986	-255%	-218%
Vote 11 - Directorate - Solid Waste, Environmental & Health Management	435 885	591 151	608 875	608 930	3%	0%
Vote 12 - Directorate - Sport, Recreation & Community Development	33 503	65 776	68 461	53 025	-24%	-29%
<b>Total Revenue by Vote</b>	<b>8 711 480</b>	<b>9 606 514</b>	<b>9 596 661</b>	<b>8 798 278</b>	<b>-9%</b>	<b>-9%</b>
<b>Expenditure by Vote</b>						
Vote 01 - Directorate - Executive Support Services	278 459	291 865	304 716	302 151	-4%	1%
Vote 02 - Directorate - Municipal Manager	148 509	154 574	149 903	140 743	9%	6%
Vote 03 - Directorate - Human Settlement	48 283	161 814	177 700	62 493	61%	65%
Vote 04 - Directorate - Chief Financial Officer	752 638	970 076	903 304	663 897	32%	27%
Vote 05 - Directorate - Corporate Services	243 555	227 076	260 363	247 398	-9%	5%
Vote 06 - Directorate - Infrastructure Services	5 493 492	4 869 537	4 665 447	5 337 087	-10%	-14%
Vote 07 - Directorate - Spatial Planning And Development	356 036	281 535	246 133	414 576	-47%	-68%
Vote 08 - Directorate - Public Safety & Emergency Services	501 899	501 008	526 139	521 138	-4%	1%
Vote 09 - Directorate - Municipal Services	-	-	-	-	0%	0%
Vote 10 - Directorate - Economic Development & Agencies	184 332	1 535 093	1 528 897	159 057	90%	90%
Vote 11 - Directorate - Solid Waste, Environmental & Health Management	602 264	656 627	717 110	705 520	-7%	2%
Vote 12 - Directorate - Sport, Recreation & Community Development	468 558	433 442	454 109	529 218	-22%	-17%
<b>Total Expenditure by Vote</b>	<b>9 078 024</b>	<b>10 082 646</b>	<b>9 933 822</b>	<b>9 083 278</b>	<b>10%</b>	<b>9%</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(366 544)</b>	<b>(476 132)</b>	<b>(337 161)</b>	<b>(285 000)</b>	<b>40%</b>	<b>15%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						<i>T K.1</i>

Revenue Collection Performance by Source						
R '000						
Description	2021/2022	2022/2023			2022/2023 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	1 698 669	1 958 216	1 958 216	1 791 370	-9%	-9%
Service Charges - electricity revenue	2 091 151	2 549 552	2 469 552	2 147 071	-19%	-15%
Service Charges - water revenue	1 255 133	849 617	849 617	738 617	-15%	-15%
Service Charges - sanitation revenue	470 773	468 519	468 519	482 231	3%	3%
Service Charges - refuse revenue	387 546	385 616	385 616	398 396	3%	3%
Service Charges - other		-		-	0%	0%
Rentals of facilities and equipment	20 427	21 965	21 965	24 501	10%	10%
Interest earned - external investments	54 305	30 876	31 356	47 660	35%	34%
Interest earned - outstanding debtors	176 561	121 249	201 249	300 755	60%	33%
Fines	12 408	22 435	19 070	6 974	-222%	-173%
Licences and permits	12 115	19 739	16 778	12 216	-62%	-37%
Agency services	23 861	25 509	27 518	21 871	-17%	-26%
Transfers recognised - operational	1 099 887	1 446 763	1 476 568	1 203 572	-20%	-23%
Other revenue	1 392 045	971 583	940 612	885 852	-10%	-6%
Gains on disposal of PPE	16 618	-	-	431	100%	100%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8 711 498</b>	<b>8 871 639</b>	<b>8 866 636</b>	<b>8 061 516</b>	<b>-10,05%</b>	<b>-9,99%</b>
<b>Expenditure By Type</b>						
Employee related costs	2 536 403	2 686 871	2 598 088	2 476 159	-9%	-5%
Remuneration of councillors	64 683	70 263	70 263	69 220	-2%	-2%
Debt impairment	1 385 422	1 211 246	1 211 246	897 828	-35%	-35%
Depreciation & asset impairment	1 569 794	1 826 633	1 847 896	1 846 054	1%	0%
Finance charges	20 684	49 361	28 751	16 075	-207%	-79%
Bulk purchases	1 922 255	2 160 427	2 014 779	1 936 963	-12%	-4%
Inventory consumed	369 179	314 839	311 608	321 121	2%	3%
Contracted services	595 813	977 494	949 704	729 025	-34%	-30%
Transfers and grants	127 078	170 553	188 479	91 955	-85%	-105%
Other expenditure	530 687	532 823	630 871	592 647	10%	-6%
Loss on disposal of PPE	1 302	82 136	82 136	86 088	5%	5%
<b>Total Expenditure</b>	<b>9 123 299</b>	<b>10 082 646</b>	<b>9 933 822</b>	<b>9 063 135</b>	<b>-11%</b>	<b>-10%</b>
<b>Surplus/(Deficit)</b>	<b>(411 802)</b>	<b>(1 211 008)</b>	<b>(1 067 186)</b>	<b>(1 001 619)</b>	<b>-21%</b>	<b>-7%</b>
Transfers recognised - capital		734 875	730 025	732 602	0%	0%
Transfers and subsidies - capital (in-kind - all)		-	-	4 160	0%	0%
<b>Surplus/(Deficit) for the year after capital transfers and contributions</b>	<b>(411 802)</b>	<b>(476 132)</b>	<b>(337 161)</b>	<b>(264 857)</b>	<b>-80%</b>	<b>-27%</b>
<b>Taxation</b>		-	-	-	<b>0%</b>	<b>0%</b>
<b>Share of surplus/ (deficit) of associate</b>	<b>45 257</b>	<b>-</b>	<b>-</b>	<b>(20 143)</b>	<b>100%</b>	<b>100%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(366 544)</b>	<b>(476 132)</b>	<b>(337 161)</b>	<b>(285 000)</b>	<b>-67%</b>	<b>-18%</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						
T K.2						

## APPENDIX L: CONDITIONAL GRANTS RECEIVED

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	999	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	11 750	11 750	11 637	-1%	-1%	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 training and the full names and proof of registration of the mentor must be submitted to the National Treasury.
Expanded Public Works Programme	10 728	10 728	10 727	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.
Urban Settlement Development Grant	496 166	496 166	496 166	0%	0%	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.
Neighbourhood Development Partnership Grant	40 581	53 773	43 919	8%	-22%	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.
Programme and Project Preparation Support Grant	13 776	13 776	13 775	0%	0%	To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of growing level of municipal resources to preparation activities
Informal Settlements Upgrading Partnership Grant	282 122	282 122	282 121	0%	0%	To provide funding for problematic inclusive and municipality-wide approach to upgrading informal settlements
<i>Other Specify:</i>						
<b>Total</b>	<b>856 123</b>	<b>869 315</b>	<b>859 345</b>	<b>0%</b>	<b>-15%</b>	

## COMMENT ON CONDITIONAL GRANTS:

### Finance Management Grant

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

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 training and the full names and proof of registration of the mentor must be submitted to the National Treasury.

### **Expanded Public Works Programme**

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.

### **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.

### **Programme and Project Preparation Support Grant**

To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation and the allocation of growing level of municipal resources to preparation activities

### **Informal Settlements Upgrading Partnership Grant**

To provide funding for problematic inclusive and municipality-wide approach to upgrading informal settlements.

### **Urban Settlements Development Partnership 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.

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## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME – EXCLUSIVE OF VAT

Capital Expenditure - New Assets Programme*								R '000
Description	2021/2022	2022/2023			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026	
<b>Capital expenditure by Asset Class</b>								
<b>Infrastructure - Total</b>	<b>461 104</b>	<b>528 112</b>	<b>346 871</b>	<b>475 831</b>	<b>365 477</b>	<b>367 844</b>	<b>384 328</b>	
<b>Infrastructure: Road transport - Total</b>	<b>120 948</b>	<b>71 975</b>	<b>111 035</b>	<b>104 727</b>	<b>106 625</b>	<b>87 823</b>	<b>93 013</b>	
<i>Roads, Pavements &amp; Bridges</i>	91 006	51 175	72 547	69 521	60 650	61 198	65 209	
<i>Storm water</i>	29 943	20 800	38 487	35 206	45 975	26 625	27 804	
<b>Infrastructure: Electricity - Total</b>	<b>79 368</b>	<b>112 319</b>	<b>57 129</b>	<b>96 351</b>	<b>6 152</b>	<b>19 500</b>	<b>30 150</b>	
<i>Generation</i>								
<i>Transmission &amp; Reticulation</i>	79 368	112 319	57 129	96 351	6 152	19 500	30 150	
<i>Street Lighting</i>								
<b>Infrastructure: Water - Total</b>	<b>206 269</b>	<b>288 977</b>	<b>119 795</b>	<b>221 161</b>	<b>184 312</b>	<b>172 875</b>	<b>191 359</b>	
<i>Dams &amp; Reservoirs</i>								
<i>Water purification</i>	206 269	288 977	119 795	221 161	184 312	172 875	191 359	
<i>Reticulation</i>								
<b>Infrastructure: Sanitation - Total</b>	<b>54 481</b>	<b>52 342</b>	<b>52 701</b>	<b>47 464</b>	<b>65 962</b>	<b>83 146</b>	<b>69 806</b>	
<i>Reticulation</i>								
<i>Sewerage purification</i>	54 481	52 342	52 701	47 464	65 962	83 146	69 806	
<b>Infrastructure: Other - Total</b>	<b>38</b>	<b>2 500</b>	<b>6 211</b>	<b>6 127</b>	<b>2 426</b>	<b>4 500</b>	<b>–</b>	
<i>Waste Management</i>								
<i>Transportation</i>								
<i>Other</i>	38	2 500	6 211	6 127	2 426	4 500	–	
<b>Community - Total</b>	<b>15 609</b>	<b>38 900</b>	<b>20 737</b>	<b>17 184</b>	<b>45 478</b>	<b>32 539</b>	<b>39 429</b>	
<i>Parks &amp; gardens</i>								
<i>Sportsfields &amp; stadia</i>	157	1 600	267	267	100 000	120 000	20 000	
<i>Swimming pools</i>								
<i>Community halls</i>	–				0	0	0	
<i>Libraries</i>	–	5 000 000	3 802 537	3 934	5 500	3 500	2 612	
<i>Recreational facilities</i>	14 333	12 600	11 349	10 475	19 100	16 919	22 573	
<i>Security and policing</i>								
<i>Buses</i>								
<i>Clinics</i>								
<i>Museums &amp; Art Galleries</i>	–	1 000	200	–	1 500	–	3 000	
<i>Cemeteries</i>	108	200	11	11	500	500	500	
<i>Social rental housing</i>								
<i>Other</i>	1 011	18 500	5 107	2 496	18 778	11 500	10 724	

*Table continued next page*

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Capital Expenditure - New Assets Programme*								R '000
Description	2021/2022	2022/2023			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026	
<b>Capital expenditure by Asset Class</b>								
<b>Heritage assets - Total</b>	7 679	1 500	2 472	2 472	1 000	-	-	
Buildings								
Other	7 679	1 500	2 472	2 472	1 000	-	-	
<b>Investment properties - Total</b>	<b>31 403</b>	<b>21 200</b>	<b>36 068</b>	<b>34 529</b>	<b>46 500</b>	<b>5 000</b>	<b>5 224</b>	
Housing development	31 403	21 200	36 068	34 529	46 500	5 000	5 224	
Other								
<b>Other assets</b>	<b>79 545</b>	<b>94 220</b>	<b>109 044</b>	<b>68 385</b>	<b>158 210</b>	<b>122 643</b>	<b>105 488</b>	
General vehicles	16 464	31 000	49 866	35 132	40 734	35 000	25 000	
Specialised vehicles								
Plant & equipment	22 521	13 661	16 894	5 154	31 680	36 619	14 758	
Computers - hardware/equipment	1 874	354	898	287	2 790	1 790	1 611	
Furniture and other office equipment	14 971	9 736	16 149	10 261	23 316	15 434	21 753	
Markets								
Civic Land and Buildings		15 000	12 695	12 695	15 000	15 000	15 672	
Other	23 716	24 469	12 542	4 856	44 689	18 800	26 694	
<b>Agricultural assets</b>	-	-	-	-	-	-	-	
List sub-class								
<b>Biological assets</b>	-	-	-	-	-	-	-	
Licences and Rights								
<b>Intangibles</b>	15 023	9 200	17 372	7 817	13 603	3 946	4 100	
Computers - software & programming	13 887	9 200	17 372	7 817	13 603	3 946	4 100	
Other (list sub-class)	1 136							
<b>Total Capital Expenditure on new assets</b>	<b>610 364</b>	<b>693 132</b>	<b>532 564</b>	<b>606 217</b>	<b>630 268</b>	<b>531 973</b>	<b>538 569</b>	
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	
Refuse	0				0	0		
Fire	0				0	0		
Conservancy	0				0	0		
Ambulances	0				0	0		

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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**APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME - EXCLUSIVE OF VAT**

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2021/2022	2022/2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>635 453</b>	<b>1 248 210</b>	<b>721 688</b>	<b>703 969</b>	<b>537 099</b>	<b>555 626</b>	<b>584 240</b>
Infrastructure: Road transport -Total	437 395	455 869	545 410	537 023	273 629	223 432	205 781
<i>Roads, Pavements &amp; Bridges</i>	437 395	455 869	545 410	537 023	273 629	223 432	205 781
<i>Storm water</i>							
Infrastructure: Electricity - Total	100 006	127 113	86 320	83 773	124 566	137 888	162 907
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>	100 006	127 113	86 320	83 773	124 566	137 888	162 907
<i>Street Lighting</i>							
Infrastructure: Water - Total	51 455	107 704	54 883	50 920	61 805	94 028	95 991
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>	51 455	107 704	54 883	50 920	61 805	94 028	95 991
Infrastructure: Sanitation - Total	46 597	557 524	35 075	32 254	77 098	100 278	119 561
<i>Reticulation</i>	46 597	557 524	35 075	32 254	77 098	100 278	119 561
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>	-				-	-	-
<b>Community</b>	<b>145 733</b>	<b>122 150</b>	<b>110 479</b>	<b>95 032</b>	<b>96 605</b>	<b>69 908</b>	<b>62 698</b>
Parks & gardens	9 372	11 800	13 190	12 230	14 378	7 500	7 746
Sportsfields & stadia	108 798	61 950	62 349	50 198	35 428	22 500	11 358
Swimming pools							
Community halls	4 831	11 000	8 193	8 140	17 500	4 500	3 612
Clinics							
Libraries	-						
Cemeteries	6 057	9 200	9 624	9 174	8 450	8 450	8 084
Social rental housing							
Other	16 675	28 200	17 123	15 289	20 849	26 958	31 897
<b>Heritage assets</b>	<b>1 062</b>	<b>1 000</b>	<b>1 695</b>	<b>1 695</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
Buildings							
Other	1 062	1 000	1 695	1 695	1 000	-	-

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Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2021/2022	2022/2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-
Other							
<b>Other assets</b>	15 349	21 470	24 553	18 822	29 749	9 600	7 590
General vehicles	500	1 000	1 885	-	1 505	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	14 849	20 470	22 669	18 822	28 244	8 600	6 590
<b>Agricultural assets</b>	-	-	-	-	-	-	-
List sub-class							
<b>Biological assets</b>	396	400	212	212	600	700	-
Zoo's, Marine and Non-biological Animals	396	400	212	212	600	700	-
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming							
Other (list sub-class)	-	-	-	-			
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>797 993</b>	<b>1 393 230</b>	<b>858 628</b>	<b>819 730</b>	<b>665 053</b>	<b>635 834</b>	<b>654 528</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2022/2023

Capital Programme by Project: 2022/2023					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
					R' 000
<b><u>DIRECTORATE OF EXECUTIVE SUPPORT SERVICES</u></b>					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500 000	428 162	428 162	0%	-17%
COUNCILLOR'S OFFICE EQUIPMENT		505 605	505 605	0%	100%
<b>TOTAL : EXECUTIVE SUPPORT SERVICES</b>	<b>500 000</b>	<b>933 767</b>	<b>933 767</b>	<b>0%</b>	<b>46%</b>
<b><u>MUNICIPAL MANAGERS 'OFFICE</u></b>					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500 000	70 282	70 282	0%	-611%
OFFICE FURNITURE AND EQUIPMENT-EPMO	100 000	150 786	150 785	0%	34%
<b>TOTAL : MUNICIPAL MANAGER'S OFFICE</b>	<b>600 000</b>	<b>221 068</b>	<b>221 067</b>	<b>0%</b>	<b>-171%</b>
<b><u>DIRECTORATE OF INFRASTRUCTURAL SERVICES</u></b>					
<b><u>OFFICE OF THE DIRECTOR</u></b>					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	899 017	926 465	3%	46%
BUILDING ALTERATIONS	0	298 802	298 802	0%	100%
	<b>500 000</b>	<b>1 197 819</b>	<b>1 225 266</b>	<b>2%</b>	<b>59%</b>
<b><u>ELECTRICITY</u></b>					
<b><u>BULK ELEC INFRAS UPGR(RING-FENCED 4%)</u></b>					
	<b>102 112 787</b>	<b>66 789 326</b>	<b>66 789 325</b>	<b>0%</b>	<b>-53%</b>
LV NETWORK - RC=COASTAL	20 100 000	16 925 322	16 925 322	0%	-19%
HV TRANSMISSION NETWORK - RC=COASTAL	22 000 000	16 825 603	16 825 602	0%	-31%
LV NETWORKS - RW=WHOLE METRO	60 012 787	33 038 401	33 038 401	0%	-82%
<b><u>ELECTRIFICATION PROGRAMME</u></b>	<b>10 000 000</b>	<b>8 984 585</b>	<b>8 985 254</b>	<b>0%</b>	<b>-11%</b>
LV NETWORKS - RW=WHOLE METRO	10 000 000	8 984 585	8 985 254	0%	-11%
<b><u>ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM</u></b>					
	<b>25 000 000</b>	<b>19 530 733</b>	<b>19 530 732</b>	<b>0%</b>	<b>-28%</b>
LV NETWORKS - RW=WHOLE METRO	25 000 000	19 530 733	19 530 732	0%	-28%
<b><u>STREET LIGHT &amp; HIGHASTS - BCMM AREAS OF SUPPLY</u></b>					
	<b>5 000 000</b>	<b>5 660 194</b>	<b>5 660 193</b>	<b>0%</b>	<b>12%</b>
LV NETWORKS - RW=WHOLE METRO	5 000 000	5 660 194	5 660 193	0%	12%
TOOLS AND EQUIPMENT (SPECIALISED VEHICLES)	1 500 000	0	0	0%	0%
BUILDING ALTERATIONS -BEACON BAY CIVIC CENTRE & OPERATIONS DEPOT	1 400 000	0	0	0%	0%
	<b>145 012 787</b>	<b>100 964 838</b>	<b>100 965 504</b>	<b>0%</b>	<b>-44%</b>

<b>ROADS</b>	<b>228 109 904</b>	<b>296 420 237</b>	<b>295 903 187</b>	<b>0%</b>	<b>23%</b>
BOWLS ROAD REHABILITATION - WARD 3	1 000 000	999 108	999 108	0%	0%
CONSTRUCTION OF ROAD INFRASTRUCTURE	10 000 000	21 831 620	21 831 619	0%	54%
CONSTRUCTION OF ROAD INFRASTRUCTURE - TOYANA ROAD	19 581 000	14 581 000	14 568 071	0%	-34%
CONSTRUCTION OF ROAD INFRASTRUCTURE - TOYANA ROAD	2 892 723	6 263 970	6 263 970	0%	54%
REHABILITATION OF BCMM BRIDGES AND STORMWATER	4 000 000	3 911 114	3 911 113	0%	-2%
REHABILITATION OF BCMM BRIDGES AND STORMWATER		38 463 264	38 463 264	0%	100%
REHABILITATION OF BEACONHURST DRIVE	1 000 000	995 352	995 352	0%	0%
REHABILITATION OF DOUGLAS SMITH HIGHWAY	4 000 000	3 890 589	3 890 588	0%	-3%
REHABILITATION OF SETTLERS WAY	184 636 181	204 484 503	204 484 503	0%	10%
REHABILITATION OF ZIPHUNZANA BYPASS	1 000 000	999 717	999 717	0%	0%
<b>ROADS PROVISION</b>	<b>30 000 000</b>	<b>28 908 641</b>	<b>28 908 627</b>	<b>0%</b>	<b>-4%</b>
ROADS PROVISION - WARD 01	1 500 000	1 482 036	1 482 035	0%	-1%
ROADS PROVISION - WARD 02	1 500 000	1 481 664	1 481 664	0%	-1%
ROADS PROVISION - WARD 03	1 500 000	1 512 530	1 512 530	0%	1%
ROADS PROVISION - WARD 04	1 500 000	1 497 912	1 497 912	0%	0%
ROADS PROVISION - WARD 05	500 000	496 683	496 682	0%	-1%
ROADS PROVISION - WARD 06	500 000	496 951	496 950	0%	-1%
ROADS PROVISION - WARD 07	1 500 000	1 484 233	1 484 233	0%	-1%
ROADS PROVISION - WARD 09	2 000 000	2 000 051	2 000 050	0%	0%
ROADS PROVISION - WARD 12	1 500 000	1 494 461	1 494 461	0%	0%
ROADS PROVISION - WARD 13	2 000 000	1 989 562	1 989 561	0%	-1%
ROADS PROVISION - WARD 18	1 000 000	1 414 916	1 414 916	0%	29%
ROADS PROVISION - WARD 19	1 500 000	1 491 260	1 491 260	0%	-1%
ROADS PROVISION - WARD 25	1 500 000	1 498 508	1 498 507	0%	0%
ROADS PROVISION - WARD 26	1 500 000	1 496 130	1 496 130	0%	0%
ROADS PROVISION - WARD 27	1 500 000	1 494 826	1 494 825	0%	0%
ROADS PROVISION - WARD 28	500 000	484 713	484 712	0%	-3%
ROADS PROVISION - WARD 29	500 000	441 171	441 171	0%	-13%
ROADS PROVISION - WARD 31	1 000 000	993 985	993 985	0%	-1%
ROADS PROVISION - WARD 32	1 000 000	959 648	959 647	0%	-4%
ROADS PROVISION - WARD 34	500 000	0	0	0%	0%
ROADS PROVISION - WARD 35	1 500 000	1 309 800	1 309 800	0%	-15%
ROADS PROVISION - WARD 36	500 000	499 762	499 761	0%	0%
ROADS PROVISION - WARD 41	1 000 000	932 274	932 273	0%	-7%
ROADS PROVISION - WARD 43	500 000	498 676	498 675	0%	0%
ROADS PROVISION - WARD 44	500 000	500 305	500 304	0%	0%
ROADS PROVISION - WARD 45	500 000	472 996	472 995	0%	-6%
ROADS PROVISION - WARD 47	500 000	0	0	0%	0%

ROADS PROVISION - WARD 50	500 000	483 588	483 587	0%	-3%
<b>ROADS PROVISION</b>	<b>8 500 000</b>	<b>10 930 260</b>	<b>10 930 259</b>	<b>0%</b>	<b>22%</b>
ROADS PROVISION - WARD 08	2 000 000	1 984 042	1 984 042	0%	-1%
ROADS PROVISION - WARD 10	2 000 000	4 490 105	4 490 105	0%	55%
ROADS PROVISION - WARD 11	1 000 000	999 186	999 186	0%	0%
ROADS PROVISION - WARD 15	2 500 000	2 459 475	2 459 475	0%	-2%
ROADS PROVISION - WARD 42	1 000 000	997 452	997 451	0%	0%
<b>RURAL ROADS</b>	<b>29 029 917</b>	<b>29 195 311</b>	<b>29 093 990</b>	<b>0%</b>	<b>0%</b>
RURAL ROADS - WARD 17	2 000 000	1 997 228	1 997 228	0%	0%
RURAL ROADS - WARD 22	1 000 000	999 847	999 846	0%	0%
RURAL ROADS - WARD 24	2 500 000	2 499 772	2 499 772	0%	0%
RURAL ROADS - WARD 25	2 500 000	2 500 002	2 500 002	0%	0%
RURAL ROADS - WARD 26	1 000 000	999 465	999 465	0%	0%
RURAL ROADS - WARD 31	2 500 000	3 058 201	3 058 200	0%	18%
RURAL ROADS - WARD 32	2 000 000	1 989 887	1 989 887	0%	-1%
RURAL ROADS - WARD 33	2 010 402	1 996 667	1 996 667	0%	-1%
RURAL ROADS - WARD 34	2 500 000	2 205 295	2 205 294	0%	-13%
RURAL ROADS - WARD 35	1 500 000	1 498 913	1 550 162	3%	3%
RURAL ROADS - WARD 36	2 000 000	1 997 579	1 997 579	0%	0%
RURAL ROADS - WARD 38	1 500 000	1 498 843	1 498 842	0%	0%
RURAL ROADS - WARD 40	500 000	498 474	498 474	0%	0%
RURAL ROADS - WARD 43	519 515	518 615	518 614	0%	0%
RURAL ROADS - WARD 49	2 500 000	2 499 904	2 499 903	0%	0%
RURAL ROADS - WARD 50	2 500 000	2 436 619	2 436 618	0%	-3%
<b>UPGR OF MDANTSANE RDS - CLUSTER 1</b>	<b>17 700 000</b>	<b>20 400 036</b>	<b>20 009 744</b>	<b>-2%</b>	<b>12%</b>
UPGR OF MDANTSANE RDS - CLUST 1: WARD 11	2 500 000	3 647 614	3 647 613	0%	31%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 12	2 200 000	2 200 000	2 200 000	0%	0%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 14	2 000 000	1 902 422	1 902 421	0%	-5%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 17	7 000 000	8 050 000	7 919 468	-2%	12%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 42	4 000 000	4 600 000	4 600 000	0%	13%
<b>UPGR OF MDANTSANE RDS - CLUSTER 2</b>	<b>33 607 277</b>	<b>42 900 187</b>	<b>42 900 186</b>	<b>0%</b>	<b>22%</b>
UPGR OF MDANTSANE RDS - CLUST 2: WARD 11	2 000 000	10 420 671	10 420 671	0%	81%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 17	5 000 000	5 000 000	5 000 000	0%	0%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 20	5 000 000	5 928 840	5 928 840	0%	16%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 30	11 607 277	11 748 930	11 748 930	0%	1%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 48	10 000 000	9 801 746	9 801 745	0%	-2%
<b>UPGR OF MDANTSANE RDS - CLUSTER 3</b>	<b>40 281 020</b>	<b>42 763 360</b>	<b>42 763 360</b>	<b>0%</b>	<b>6%</b>
UPGR OF MDANTSANE RDS - CLUST 3: WARD 21	15 000 000	17 482 340	17 482 340	0%	14%

UPGR OF MDANTSANE RDS - CLUST 3: WARD 23	12 281 020	12 281 020	12 281 020	0%	0%
UPGR OF MDANTSANE RDS - CLUST 3: WARD 24	13 000 000	13 000 000	13 000 000	0%	0%
UPGRADE OF NORTH EAST EXPRESSWAY	1 000 000	988 301	988 300	0%	-1%
<b>URBAN ROADS</b>	<b>7 000 000</b>	<b>6 284 456</b>	<b>6 284 454</b>	<b>0%</b>	<b>-11%</b>
URBAN ROADS - WARD 37	3 000 000	2 632 551	2 632 550	0%	-14%
URBAN ROADS - WARD 39	4 000 000	3 651 905	3 651 904	0%	-10%
	<b>395 228 118</b>	<b>478 790 789</b>	<b>478 698 545</b>	<b>0%</b>	<b>17%</b>
<b>WASTEWATER</b>					
SANITATION FACILITIES IN INFORMAL SETTLEMENTS	10 000 000	11 225 212	11 216 544	0%	11%
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	4 000 000	1 880 037	1 880 036	0%	-113%
UPGRADING OF ZWELITSHA WASTEWATER TREATMENT WORKS	120 000 000	0	0	0%	0%
E/L SEWER DIVERSION : CENTRAL TO REESTON	399 524 000	0	0	0%	0%
E/L SEWER DIVERSION: CENTRAL- REESTON		1 556 159	1 556 159	0%	100%
EAST BEACH GRAVITY SEWER UPGRADE	4 000 000	1 303 403	1 303 402	0%	-207%
NAHOON RIVER OUTFALL SEWER	1 500 000	1 402 281	1 402 280	0%	-7%
UPGRADING OF SECURITY FOR SANITATION INFRASTRUCTURE	1 000 000	995 656	995 656	0%	0%
INSTALLATION OF GROUNDWATER MONITORING BOREHOLES FOR WASTEWATER TREATMENT WORKS	1 000 000	865 639	865 639	0%	-16%
CONSTRUCTION OF NETWORK FLOW MONITORING INFRASTRUCTURE	1 500 000	1 224 434	1 224 434	0%	-23%
UPGRADING OF KIDDS BEACH WASTEWATER TREATMENT WORKS	1 500 000	408 620	408 619	0%	-267%
RENEWAL OF INFRASTRUCTURE - RETICULATION	1 500 000	1 500 000	1 500 000	0%	0%
RENEWAL OF INFRASTRUCTURE - PUMP STATIONS	1 000 000	915 163	915 163	0%	-9%
RENEWAL OF INFRASTRUCTURE - TREATMENT WORKS	1 000 000	993 960	993 960	0%	-1%
MDANTSANE WASTEWATER TREATMENT WORKS	15 000 000	16 704 564	16 191 887	-3%	7%
UPGRADING OF POTSDAM WASTEWATER TREATMENT WORKS	2 000 000	1 934 363	1 934 363	0%	-3%
UPGRADING OF DIMBAZA WASTEWATER TREATMENT WORKS	3 000 000	3 390 472	3 390 471	0%	12%
	<b>567 524 000</b>	<b>46 299 963</b>	<b>45 778 612</b>	<b>-1%</b>	<b>-1140%</b>
<b>WATER DEPT</b>					
<b>UPGRADE WATER NETWORKS</b>					
BULK MAINS-UPGRADE WATER NETWORKS	4 000 000	4 568 895	4 535 915	-1%	12%
PUMP STATION-UPGRADE WATER NETWORKS	3 204 295	2 467 931	2 467 931	0%	-30%

<b>WATER BACKLOGS</b>					
BULK MAINS-WATER BACKLOGS	5 500 000	5 094 051	5 094 051	0%	-8%
DISTRIBUTION MAINS-WATER BACKLOGS	5 000 000	5 708 499	5 708 498	0%	12%
RESERVOIRS-WATER BACKLOGS	4 000 000	3 456 672	3 456 671	0%	-16%
<b>PIPE AND WATER METER REPLACEMENT IN BISHO,KWT &amp; DIMBAZA</b>					
BULK-PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	2 500 000	2 662 898	2 662 897	0%	6%
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	2 500 000	2 740 388	2 740 387	0%	9%
PUMP STATION-PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	500 000	289 371	289 371	0%	-73%
WATER TREATMENT WORKS-PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	500 000	304 348	304 348	0%	-64%
WATER TREATMENT WORKS-PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA c/o	0	726 465	726 465	0%	100%
<b>PIPE AND WATER METER REPLACEMENT IN EL</b>					
BULK-PIPE AND WATER METER REPLACEMENT IN EL	2 500 000	2 261 495	2 261 494	0%	-11%
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN EL	2 000 000	1 985 132	1 985 131	0%	-1%
<b>PIPE AND WATER METER REPLACEMENT IN MDANTSANE</b>					
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	5 000 000	4 989 220	4 989 220	0%	0%
<b>AMAHLEKE WATER SUPPLY</b>					
DISTRIBUTION-AMAHLEKE WATER SUPPLY	3 200 000	3 117 455	3 117 454	0%	-3%
ALTERNATIVE WATER SUPPLY	13 000 000	13 072 666	15 513 548	16%	16%
ALTERNATIVE WATER SUPPLY	0	2 687 851	0	0%	0%
UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	35 000 000	31 887 346	31 887 346	0%	-10%
UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	50 000 000	0	0	0%	0%
W/DEMAND MANGM - WATER CONSERV - PRV STA	6 576 190	6 654 561	6 654 338	0%	1%
<b>INFORMAL SETTLEMENTS</b>					
WATER MAINS-INFORMAL SETTLEMENTS INLAND	1 000 000	1 129 525	1 129 524	0%	11%
WATER SUPPLY -INFORMAL SETTLEMENTS COASTAL	12 000 000	13 571 180	13 558 029	0%	11%
DISTRIBUTION MAINS- INFORMAL SETTLEMENTS MIDLANDS	3 000 000	3 449 957	3 449 956	0%	13%
	<b>160 980 485</b>	<b>112 825 906</b>	<b>112 532 575</b>	<b>0%</b>	<b>-43%</b>
<b>FLEET</b>					
BCM FLEET PLANT SPEC EQUIP & SWASTE VEH	5 000 000	4 650 985	4 650 984	0%	-8%

BCM FLEET PLANT SPEC EQUIP & SWASTE VEH c/o	0	1 943 103	1 943 103	0%	100%
<b>TOTAL : INFRASTRUCTURE SERVICES</b>	<b>1 274 245 390</b>	<b>746 673 403</b>	<b>745 794 590</b>	<b>0%</b>	<b>-71%</b>
<b>DIRECTORATE OF FINANCIAL SERVICES</b>					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	1 139 798	1 152 547	1%	57%
SMART METERING SOLUTIONS (ELECTRICITY)	9 467 785	40 064 756	81 203 114	51%	88%
SMART METERING SOLUTIONS (ELECTRICITY)	86 521 140	0	0	0%	0%
SMART METERING WATER SOLUTIONS	56 156 115	23 941 183	131 263 202	82%	57%
SMART METERING WATER SOLUTIONS	76 569 240	0	0	0%	0%
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM,PROCUREMENT SYSTEM, etc)	6 000 000	14 871 721	7 810 769	-90%	23%
CONSTRUCTION OF OFFICE ACCOMODATION -CUSTOMER CARE OFFICE-MIDLAND	4 500 000	4 500 000	0	0%	0%
COST REFECTIVE TARIFF STRUCTURE	2 500 000	2 500 000	6 361	-39201%	-39201%
FENCING SCM	2 500 000	2 498 849	2 498 849	0%	0%
CONSTRUCTION OF OFFICE ACCOMODATION -CUSTOMER CARE OFFICE-MIDLAND c/o	0	3 185 524	0	0%	0%
METER READING SYSTEM c/o	0	2 506 935	1 557 977	-61%	100%
LAPTOP - INTERNS	0	21 202	20 691	-2%	100%
<b>TOTAL : FINANCIAL SERVICES</b>	<b>244 714 280</b>	<b>95 229 969</b>	<b>225 513 509</b>	<b>58%</b>	<b>-9%</b>
<b>DIRECTORATE OF CORPORATE SERVICES</b>					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500 000	261 111	242 110	-8%	-107%
SCANNERS	500 000	164 132	164 132	0%	-205%
FIBRE NETWORK	1 100 000	1 100 000	1 037 409	-6%	-6%
LTE INFRASTRUCTURE	1 329 959	1 329 959	222 929	-497%	-497%
DISASTER RECOVERY ENHANCEMENT	1 400 000	1 310 301	1 310 300	0%	-7%
OFFICE FURNITURE AND EQUIPMENT FOR INTERNS	150 000	172 500	172 500	0%	13%
SCANNERS c/o	0	378 830	378 830	0%	100%
DISASTER RECOVERY ENHANCEMENT c/o	0	936 757	936 757	0%	100%
INTELLIGENT OPERATING CENTRE HARDWARE & SOFTWARE c/o	0	1 870 512	1 870 512	0%	100%
FIBRE NETWORK c/o	0	364 420	343 012	-6%	100%
LTE INFRASTRUCTURE c/o	0	1 089 771	1 018 459	-7%	100%
NETWORK EQUIPMENT REFRESH(KWT,MDA,BISHO) c/o	0	383 727	41 291	-829%	100%
SERVER HARDWARE (Application and Database) c/o		2 500 000	2 500 000	0%	100%
<b>TOTAL : CORPORATE SERVICES</b>	<b>4 979 959</b>	<b>11 862 020</b>	<b>10 238 241</b>	<b>-16%</b>	<b>51%</b>
<b>DIRECTORATE OF HUMAN SETTLEMENT</b>					



OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	422 151	422 150	0%	-18%
CLUSTER 3- STORMWATER	1 000 000	0	0	0%	0%
POTSDAM IKHWEZI BL 2 - STORMWATER	500 000	0	0	0%	0%
POTSDAM IKHWEZI BL 2- ROADS	1 000 000	0	0	0%	0%
POTSDAM IKHWEZI BL 2 - SANITATION	1 000 000	0	0	0%	0%
POTSDAM IKHWEZI BL 2 - WATER	500 000	0	0	0%	0%
POTSDAM NORTH KANANA - STORMWATER	500 000	0	0	0%	0%
POTSDAM NORTH KANANA - ROADS	0	0	0	0%	0%
POTSDAM NORTH KANANA - SANITATION	2 000 000	0	0	0%	0%
POTSDAM NORTH KANANA - WATER	500 000	0	0	0%	0%
DUNCAN VILLAGE PROPER - STORMWATER	100 000	0	0	0%	0%
DUNCAN VILLAGE PROPER - ROADS	200 000	0	0	0%	0%
DUNCAN VILLAGE PROPER - WATER	200 000	0	0	0%	0%
MDANTSANE Z 18 CC PH 2 - STORMWATER	1 000 000	2 368 236	2 368 236	0%	58%
MDANTSANE Z 18 CC PH 2 - ROADS	1 850 000	2 341 503	2 341 502	0%	21%
MDANTSANE Z 18 CC PH 2 - SANITATION	4 400 000	4 664 549	4 726 127	1%	7%
MDANTSANE Z 18 CC PH 2 - WATER	1 750 000	918 386	918 386	0%	-91%
CLUSTER 1 - STORMWATER	1 000 000	4 456 194	4 456 193	0%	78%
CLUSTER 1 - ROADS	2 000 000	5 402 265	5 402 265	0%	63%
CLUSTER 1 - SANITATION	5 000 000	11 935 925	11 935 924	0%	58%
CLUSTER 1 - WATER	2 000 000	4 670 718	4 670 717	0%	57%
CLUSTER 2 - STORMWATER	2 000 000	1 599 986	1 599 986	0%	-25%
CLUSTER 2 - ROADS	1 500 000	4 429 190	4 429 190	0%	66%
CLUSTER 2 - SANITATION	4 163 320	7 426 793	7 426 793	0%	44%
CLUSTER 2 - WATER	1 500 000	8 505 936	8 505 936	0%	82%
DUNCAN VILL COMP/SITE -STORMWATER	500 000	0	0	0%	0%
DUNCAN VILL COMP/SITE - ROADS	1 000 000	0	0	0%	0%
DUNCAN VILL COMP/SITE-WATER	1 000 000	0	0	0%	0%
BRAELYN EXT 10 - STORMWATER	500 000	0	0	0%	0%
BRAELYN EXT 10 - ROADS	1 000 000	0	0	0%	0%
BRAELYN EXT 10 - SANITATION	500 000	0	0	0%	0%
BRAELYN EXT 10 - WATER	500 000	0	0	0%	0%
TYUTYU PHASE 3 - STORMWATER	200 000	762 361	762 361	0%	74%
TYUTYU PHASE 3 - ROADS	700 000	1 306 905	1 306 904	0%	46%
TYUTYU PHASE 3 - SANITATION	600 000	549 902	549 901	0%	-9%
TYUTYU PHASE 3 - WATER	500 000	326 927	326 927	0%	-53%
WESTBANK RESTITUTION - STORMWATER	400 000	347 827	347 826	0%	-15%
WESTBANK RESTITUTION - ROADS	6 000 000	5 902 405	5 902 405	0%	-2%
WESTBANK RESTITUTION - SANITATION	5 828 750	5 068 479	5 068 478	0%	-15%
WESTBANK RESTITUTION - WATER	6 000 000	5 217 392	5 217 391	0%	-15%
C SECTION & TRIANGULAR SITE - STORMWATER	100 000	0	0	0%	0%

C SECTION & TRIANGULAR SITE - ROADS	400 000	0	0	0%	0%
C SECTION AND TRIANGULAR SITE - SANITATION	1 000 000	0	0	0%	0%
C SECTION AND TRIANGULAR SITE - WATER	500 000	0	0	0%	0%
D HOSTEL - STORMWATER	1 000 000	0	0	0%	0%
D HOSTEL - ROADS	3 500 000	0	0	0%	0%
D HOSTEL - SANITATION	3 000 000	0	0	0%	0%
D HOSTEL - WATER	3 000 000	0	0	0%	0%
FORD MSIMANGO - STORMWATER	50 000	0	0	0%	0%
FORD MSIMANGO - ROADS	300 000	0	0	0%	0%
FORD MSIMANGO - SANITATION	200 000	0	0	0%	0%
FORD MSIMANGO - WATER	50 000	0	0	0%	0%
N2 ROAD RESERVE - STORMWATER	150 000	0	0	0%	0%
N2 ROAD RESERVE - ROADS	250 000	0	0	0%	0%
N2 ROAD RESERVE - SANITATION	500 000	0	0	0%	0%
N2 ROAD RESERVE - WATER	100 000	0	0	0%	0%
HANI PARK - WATER	2 500 000	0	0	0%	0%
HLALANI - WATER	5 000 000	0	0	0%	0%
PHOLA PARK - WATER	5 000 000	0	0	0%	0%
BERLIN LINGELITSHA - PHASE 1 - WATER	5 000 000	0	0	0%	0%
ILITHA SPORTSFIELD - WATER	5 000 000	0	0	0%	0%
EMPILISWENI - WATER	5 000 000	0	0	0%	0%
MATSHENI PARK - WATER	5 000 000	212 318	212 317	0%	-2255%
KHAYELITSHA - WATER	4 000 000	1 407 265	1 407 264	0%	-184%
KWATSHATUSHU - WATER	5 000 000	0	0	0%	0%
GINSBERG - WATER	5 000 000	993 959	993 959	0%	-403%
SLOVO PARK - WATER	1 000 000	0	0	0%	0%
EKUPHUMLENI - WATER	1 000 000	0	0	0%	0%
ETHEMBENI - WATER	1 000 000	0	0	0%	0%
EAST BANK RESTITUTION - WATER	5 000 000	0	0	0%	0%
REESTON PHASE 3 STAGE 2 - STORMWATER 10%	1 500 000	1 304 348	1 304 348	0%	-15%
REESTON PHASE 3 STAGE 2 - ROADS	5 000 000	3 077 199	3 077 199	0%	-62%
REESTON PHASE 3 STAGE 2 - SANITATION	4 000 000	3 478 261	3 478 261	0%	-15%
REESTON PHASE 3 STAGE 2 - WATER	3 000 000	2 586 342	2 586 342	0%	-16%
NELSON MANDELA 102 PROJECT-WATER	9 500 000	777 651	777 651	0%	-1122%
BREIDBACH SERVICES PROJECT-WATER	6 000 000	7 000 000	7 000 000	0%	14%
NONDULA-WATER	6 000 000	2 637 131	2 637 131	0%	-128%
MAJARANTIYENI-WATER	4 000 000	0	0	0%	0%
BOXWOOD PROJECT - ROADS	2 875 000	24 086 177	24 086 177	0%	88%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - STORMWATER	1 000 000	3 268 076	3 268 075	0%	69%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - ROADS	5 000 000	7 697 810	7 697 810	0%	35%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - SANITATION	2 000 000	1 997 383	1 997 382	0%	0%

CNIP VICTIMS PROJECT: CAMBRIDGE WEST - WATER	1 000 000	1 150 000	1 150 000	0%	13%
REESTON PHASE 3 STAGE 3 - STORMWATER 10%	550 000	0	0	0%	0%
REESTON PHASE 3 STAGE 3- ROADS	175 000	0	0	0%	0%
REESTON PHASE 3 STAGE 3 - SANITATION	1 400 000	0	0	0%	0%
REESTON PHASE 3 STAGE 3 - WATER	875 000	0	0	0%	0%
PHAKAMISA SOUTH - STORMWATER	5 000 000	5 672 881	6 288 675	10%	20%
PHAKAMISA SOUTH -ROADS	3 925 000	6 315 040	6 388 586	1%	39%
ILITHA 177 - STORMWATER 10%	500 000	391 232	391 232	0%	-28%
ILITHA 177 - ROADS	2 500 000	1 468 660	1 468 660	0%	-70%
ILITHA 177 - SANITATION	1 250 000	433 918	433 917	0%	-188%
ILITHA 177 - WATER	750 000	586 957	586 957	0%	-28%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION - STORMWATER 10%	1 000 000	413 401	413 401	0%	-142%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION-ROADS	5 000 000	367 520	367 520	0%	-1260%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION-SANITATION	2 500 000	0	0	0%	0%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION-WATER	1 500 000	445 379	445 379	0%	-237%
MZAMOMHLE: PEOPLES HOUSING PROCESS	4 000 000	4 078 329	4 078 328	0%	2%
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	6 000 000	5 995 144	5 995 143	0%	0%
PARKHOMES FOR DESTITUTES & GBV VICTIMS	2 000 000	2 517 011	2 517 010	0%	21%
MDANTSANE ERF 81,87 &88 RELOCATION SITE UNITS	5 000 000	10 485 722	10 485 722	0%	52%
LILLYVALE ROADS	3 000 000	6 074 331	6 074 330	0%	51%
POTSDAM IKHWEZI BLOCK 1	0	7 506 129	7 506 129	0%	100%
EMERGENCY TRU'S	0	2 251 913	2 251 912	0%	100%
AMALINDA CO-OP	0	9 364 266	9 364 265	0%	100%
ERF 271 SUMMERPRIDE	0	4 725 000	4 725 000	0%	100%
HAVEN HILLS TRU	6 200 000	8 845 522	8 845 521	0%	30%
HEMINGWAYS INFORMAL SETTLEMENTS	1 000 000	269 445	269 445	0%	-271%
SILVERTOWN	1 000 000	978 471	978 471	0%	-2%
<b>TOTAL : HUMAN SETTLEMENTS</b>	<b>235 992 070</b>	<b>219 484 221</b>	<b>220 235 115</b>	<b>0%</b>	<b>-7%</b>
<b>DIRECTORATE OF SPATIAL PLANNING AND DEVELOPMENT</b>					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	192 190	192 190	0%	-160%
<b>DEVELOPMENT PLANNING</b>					
AERIAL PHOTOGRAPHY AND MAPPING	2 000 000	0	0	0%	0%
UPGRADING OF KWT PAYMENTS HALL	3 000 000	0	0	0%	0%

UPGRADING OF KWT PAYMENTS HALL c/o	0	1 994 547	1 353 572	-47%	100%
ARCHITECTURAL SOFTWARE c/o	0	200 000	0	0%	0%
SCM INVENTORY WAREHOUSING AND FENCING c/o	0	2 275	0	0%	0%
	<b>5 000 000</b>	<b>2 196 822</b>	<b>1 353 572</b>	<b>-62%</b>	<b>-269%</b>
<b>PROPERTY MANAGEMENT</b>					
BUXTON, ELECTRICITY HOUSE AND RESERVE BANK REFURBISHMENT	2 000 000	1 985 076	1 985 076	0%	-1%
ORIENT THEATRE REFURBISHMENT	1 500 000	1 111 280	1 111 279	0%	-35%
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT	1 000 000	998 900	998 900	0%	0%
UPGRADING OF ELECTRICAL - OLD MUTUAL	500 000	494 450	494 450	0%	-1%
REFURBISHMENT OF BUXTON, ELECTRICITY HOUSE, RESERVE BANK & OTHER MUNICIPAL BUILDINGS c/o	0	1 790 288	1 790 288	0%	100%
LAND ACQUISITION & BUILDINGS	2 000 000	1 218 781	1 218 781	0%	-64%
LAND ACQUISITION	15 000 000	12 694 771	12 694 770	0%	-18%
	<b>22 000 000</b>	<b>20 293 546</b>	<b>20 293 544</b>	<b>0%</b>	<b>-8%</b>
<b>TRANSPORT PLANNING AND OPERATIONS</b>					
CITY TO SEA BOULEVARD	2 640 632	0	0	0%	0%
BRIDGE DESIGNS & IMPLEMENTATION (Coastal)	2 000 000	95 232	95 232	0%	-2000%
GUARDRAILS (Coastal)	150 000	0	0	0%	0%
GUARDRAILS (Midland)	200 000	164 087	164 087	0%	-22%
GUARDRAILS (Inland)	150 000	0	0	0%	0%
SLEEPER SITE ROAD	25 000 000	34 320 419	34 320 418	0%	27%
GUIDANCE SIGNAGE (Coastal)	150 000	0	0	0%	0%
GUIDANCE SIGNAGE (Inland)	150 000	260 818	260 817	0%	42%
SIDEWALKS (Midland)	500 000	444 791	444 791	0%	-12%
SIDEWALKS (Inland)	2 500 000	2 263 047	2 263 047	0%	-10%
TRAFFIC CALMING (Coastal)	500 000	499 779	499 778	0%	0%
TRAFFIC CALMING (Midland)	1 500 000	1 257 813	1 257 812	0%	-19%
TRAFFIC CALMING (Inland)	1 000 000	824 624	824 623	0%	-21%
TRAFFIC SIGNALS	3 000 000	2 999 327	2 664 495	-13%	-13%
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	6 200 000	0	0	0%	0%
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	12 000 000	7 712 321	7 712 321	0%	-56%
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	0	6 374 366	6 374 366	0%	100%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	7 000 000	0	0	0%	0%
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)	9 800 000	11 674 807	11 674 807	0%	16%
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)		999 670	999 670	0%	100%
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Midland)	100 000	0	0	0%	0%

TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Inland)	100 000	0	0	0%	0%
TAXI/BUS EMBAYMENTS (Coastal)	400 000	357 491	357 490	0%	-12%
TAXI/BUS EMBAYMENTS (Midland)	400 000	0	0	0%	0%
TAXI/BUS EMBAYMENTS (Inland)	400 000	357 553	357 553	0%	-12%
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	2 000 000	0	0	0%	0%
	<b>77 840 632</b>	<b>70 606 145</b>	<b>70 271 306</b>	<b>0%</b>	<b>-11%</b>
<b>TOTAL : SPATIAL PLANNING &amp; DEVELOPMENT</b>	<b>105 340 632</b>	<b>93 288 703</b>	<b>92 110 613</b>	<b>-1%</b>	<b>-14%</b>
<b>DIRECTORATE OF ECONOMIC DEVELOPMENT AND AGENCIES</b>					
BUILDING OF MEMORIAL STONES	1 500 000	0	0	0%	0%
KIWANE RESORT MAINTENANCE & UPGRADE	500 000	478 328	470 860	-2%	-6%
CONSTRUCTION OF CABIN ACCOMMODATION	1 500 000	0	0	0%	0%
EXTENSION OF MDANTSANE ART CENTRE	2 000 000	0	0	0%	0%
HYDROPONICS AND PACKHOUSE PROJECT	3 260 848	2 960 403	2 960 403	0%	-10%
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	3 000 000	7 020 000	6 065 616	-16%	51%
INFORMAL TRADE INFRASTRUCTURE (Hawker Stalls)	5 000 000	7 236 094	7 236 093	0%	31%
INSTALLATION OF ADVENTURE ACTIVITIES	500 000	0	0	0%	0%
FILM STUDIO DEVELOPMENT	1 000 000	200 000	0	0%	0%
INSTALLATION OF RECREATIONAL FACILITIES	1 000 000	0	0	0%	0%
ART CENTRE	1 000 000	1 000 000	0	0%	0%
MDANTSANE ART CENTRE	4 000 000	215 059	215 059	0%	-1760%
SMME INCUBATOR	500 000	2 000 000	569 726	-251%	12%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	527 841	527 840	0%	5%
RESTORATION OF HERITAGE SITES	1 000 000	0	0	0%	0%
REVITALISATION OF INDUSTRIAL AREAS	3 500 000	3 500 000	3 500 000	0%	0%
TOURISM HUB	2 000 000	0	0	0%	0%
UPGRADING OF BUILDINGS	1 000 000	1 144 412	1 144 411	0%	13%
UPGRADING OF MARKET HALL	8 000 000	8 534 736	8 534 736	0%	6%
WATER LEISURE ACTIVITIES	700 000	0	0	0%	0%
FORT JACKSON JUNCTION HUB	10 000 000	0	0	0%	0%
AGRI-VILLAGE	5 000 000	2 851 768	2 851 768	0%	-75%
TOURISM HUB c/o	0	1 216 997	0	0%	0%
IMPROVE ACCESS ROAD AND ROAD SIGNAGE c/o	0	2 382 192	2 160 800	-10%	100%
INFORMAL TRADE ( HAWKER STALLS) c/o	0	1 260 670	1 260 670	0%	100%
SMME INCUBATOR c/o	0	340 202	340 201	0%	100%
UPGRADING OF COLD ROOMS	0	463 853	389 860	-19%	100%

<b>TOTAL : ECONOMIC DEVELOPMENT &amp; AGENCIES</b>	<b>56 460 848</b>	<b>43 332 556</b>	<b>38 228 042</b>	<b>-13%</b>	<b>-48%</b>
<b><u>DIRECTORATE OF PUBLIC SAFETY AND EMERGENCY SERVICES</u></b>					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	555 261	555 261	0%	10%
TACTICAL RADIO NETWORK	1 500 000	2 000 000	818 359	-144%	-83%
CONSTRUCTION OF NEW DISASTER MANAGEMENT CENTRE	500 000	0	0	0%	0%
REFURBISHMENT OF FIRE ENGINES	1 000 000	1 000 000	0	0%	0%
FIRE ENGINES PROCURED	7 000 000	7 600 000	0	0%	0%
FIRE EQUIPMENT	900 000	300 000	0	0%	0%
NEW FIRE STATION - BERLIN WARD 45	4 000 000	0	0	0%	0%
REFURBISHMENT OF FIRE STATIONS	1 000 000	1 000 000	920 721	-9%	-9%
LAW ENFORCEMENT VEHICLES	2 000 000	2 000 000	0	0%	0%
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	500 000	500 000	0	0%	0%
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	2 000 000	2 000 000	0	0%	0%
BACK-UP GENERATORS	2 000 000	2 000 000	0	0%	0%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	513 154	340 016	-51%	100%
FIRE ENGINES PROCURED c/o	0	12 603 650	12 603 650	0%	100%
REFURBISHMENT OF FIRE ENGINES c/o	0	850 000	0	0%	0%
SPECIALISED VEHICLES PUBLIC SAFETY c/o	0	3 000 000	0	0%	0%
REFURBISHMENT OF FIRE STATIONS c/o	0	1 214 960	1 093 127	-11%	100%
BACK-UP GENERATORS c/o	0	1 500 000	0	0%	0%
REFURBISH & REHABILITATION - FIRE INFRASTRUCTURE c/o	0	34 895	0	0%	0%
NEW FIRE STATION - BERLIN WARD 45 c/o	0	1 392 108	502 012	-177%	100%
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT c/o	0	779 176	0	0%	0%
<b>TOTAL CAPITAL BUDGET: PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	<b>22 900 000</b>	<b>40 843 205</b>	<b>16 833 145</b>	<b>-143%</b>	<b>-36%</b>
<b><u>SPORTS, RECREATION &amp; COMMUNITY DEVELOPMENT</u></b>					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	444 454	444 453	0%	-12%
<b>DEVELOPMENT, UPGRADE &amp; REFURBISHMENT OF COMMUNITY HALLS</b>					
DEVELOPMENT UPGRADE AND REFURBISHMENT OF COMMUNITY HALLS	5 000 000	3 111 028	3 058 497	-2%	-63%
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	5 000 000	3 802 537	3 934 408	3%	-27%
UPGR & REFURB EXIST C/HALLS & FACILITIES	2 000 000	387 398	387 398	0%	-416%
CONSTRUCTION OF GESINI HALL	3 000 000	2 197 730	2 197 730	0%	-37%
CONSTRUCTION OF NU 3 HALL WARD 14	3 000 000	2 884 230	2 884 230	0%	-4%
<b>UPGRADING OF RESORTS</b>					

BUILDING OF S/POOL AT GONUBIE RESORT	900 000	900 000	21 730	-4042%	-4042%
INSTALLATION OF FLOODLIGHTS AT GONUBIE RESORTS	100 000	97 007	97 007	0%	-3%
REFURBISHMENT OF CHALETs	1 000 000	1 170 380	1 170 380	0%	15%
REFURBISHMENT OF BACKPACKERS	1 000 000	314 537	314 537	0%	-218%
REFURBISHMENT OF ABLUTION BLOCKS AT RESORTS	200 000	197 642	197 642	0%	-1%
PAVING AROUND RESORTS	500 000	496 400	496 400	0%	-1%
CONSTRUCTION OF OFFICES AT NAHOON CARAVAN PARK	2 300 000	2 300 000	1 796 241	-28%	-28%
PURCHASE OF FURNITURE FOR CHALETs c/o	0	5 276	5 276	0%	100%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	23 250	23 249	0%	100%
CONSTRUCTION OF OFFICE AND GUARD HOUSE NAHOON CARAVAN PARK c/o	0	138 818	138 818	0%	100%
INSTALLATION OF SECURITY ALARMS IN 20 CHALETs c/o	0	29 996	29 995	0%	100%
<b>DEVELOPMENT, UPGRADE &amp; REFURBISHMENT OF SPORTSFIELDS</b>					
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	3 000 000	2 845 237	2 845 237	0%	-5%
UPGRADING OF SPORTSFIELDS	2 500 000	5 581 295	5 581 294	0%	55%
RESTORATION OF HERITAGE SITES	0	1 695 439	1 695 439	0%	100%
BUILDING OF MEMORIAL STONES c/o	0	2 472 087	2 472 087	0%	100%
<b>UPGRADING OF ZOO</b>					
UPGRADING OF ZOO	400 000	292 710	104 130	-181%	-284%
PLANT - ZOO	100 000	0	0	0%	0%
UPGRADING OF ZOO c/o	0	289 812	289 811	0%	100%
<b>REFURBISHMENT OF AQUARIUM</b>					
REFURBISHMENT OF AQUARIUM	400 000	211 761	211 760	0%	-89%
PLANT - AQUARIUM	200 000	70 465	70 465	0%	-184%
<b>SWIMMING POOLS</b>					
SWIMMING POOLS	1 400 000	1 378 444	1 378 444	0%	-2%
PLANT - SWIMMING POOL	200 000	198 844	198 844	0%	-1%
PLANT - SWIMMING POOL c/o	0	29 213	15 413	-90%	100%
REDEVELOPMENT OF MDANTSANE SPORT PRECINT - NU2 SWIMMING POOL c/o	0	6 296 738	3 632 389	-73%	100%
REFURBISHMENT OF SWIMMING POOLS c/o	0	290 200	290 200	0%	100%
<b>UPGRADING OF DEPOTS</b>					
NU 6 MDANTSANE DEPOT	470 000	480 149	480 149	0%	2%
BERLIN DEPOT	100 000	59 595	59 595	0%	-68%
GRASS CUTTING EQUIPMENT	200 000	197 000	197 000	0%	-2%
<b>DEVELOPMENT OF CEMETRIES</b>					
PLANT AND EQUIPMENT (CEMETRIES)	200 000	11 305	11 304	0%	-1669%

COAST CEMETRIES (CAMBRIDGE CREMATORIUM) 2	500 000	500 000	500 000	0%	0%
DEVELOPMENT OF CEMETERIES-COASTAL	1 000 000	996 719	996 718	0%	0%
DEVELOPMENT OF CEMETERIES-INLAND	1 000 000	997 021	997 021	0%	0%
DEVELOPMENT OF CEMETERIES-MIDLAND	1 000 000	996 265	996 264	0%	0%
INLAND CEMETRIES (KWT / CLUBVIEW)	500 000	490 960	490 960	0%	-2%
INLAND CEMETRIES (PHAKAMISA)	500 000	500 000	499 999	0%	0%
INLAND CEMETRIES (ZWELITSHA)	500 000	500 000	500 000	0%	0%
MIDLANDS CEMETRIES (FORT JACKSON)	200 000	196 892	196 892	0%	-2%
MIDLANDS CEMETRIES (MTSOTSO CEMETERY)	1 000 000	1 000 000	1 000 000	0%	0%
FENCING OF CEMETERIES	3 000 000	3 445 950	3 442 507	0%	13%
<b>UPGRADING OF COMMUNITY PARKS</b>					
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - COASTAL	1 000 000	1 291 485	1 291 485	0%	23%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - MIDLAND	1 000 000	760 439	760 439	0%	-32%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - INLAND	1 000 000	987 862	987 862	0%	-1%
ESTABLISHMENT OF RECREATIONAL PARKS	2 000 000	1 999 500	1 999 500	0%	0%
<b>TOTAL CAPITAL BUDGET: SPORTS, RECREATION &amp; COMMUNITY DEVELOPMENT</b>	<b>47 870 000</b>	<b>55 564 070</b>	<b>51 391 195</b>	<b>-8%</b>	<b>7%</b>
<b>DIRECTORATE OF SOLID WASTE &amp; ENVIRONMENTAL MANAGEMENT</b>					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500 000	500 000	132 334	-278%	-278%
<b>BEACHES</b>					
BEACHES	600 000	586 502	586 502	0%	-2%
PLANT - BEACHES	200 000	0	0	0%	0%
REFURBISHMENT & UPGRADING OF FACILITIES AT BEACHES	100 000	0	0	0%	0%
REVITALISATION OF BEACH INFRASTRUCTURE	5 500 000	13 909 994	13 526 361	-3%	59%
BCM FLEET - SOLID WASTE FLEET AND PLANT	8 000 000	6 640 644	6 640 643	0%	-20%
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	3 000 000	3 000 000	2 805 144	-7%	-7%
<b>TRANSFER STATION</b>					
GUARD HOUSE ABLUTION FACILIT & OFFICES	668 987	0	0	0%	0%
REFURBISHMENT OF TRANSFER STATIONS	0	139 137	139 137	0%	100%
CONSTRUCTION OF WASTE CELLS AT KWT LANDFILL SITE	6 300 000	0	0	0%	0%
CONSTRUCTION OF CELL 3, CELL 4 AND ANCILLARY WORKS IN THE LANDFILL SITES	2 000 000	0	0	0%	0%
UPGRADING OF GARDEN TRANSFER STATIONS (COASTAL)	4 000 000	0	0	0%	0%



CONSTRUCTION AND UPGRADING OF GUARD HOUSE	0	999 983	999 983	0%	100%
GALVANISED STREET LITTER BINS	2 000 000	2 000 000	0	0%	0%
GRASS CUTTING EQUIPMENT	200 000	0	0	0%	0%
GRASS CUTTING EQUIPMENT	0	1 000 000	728 000	-37%	100%
<b>REFURBISHMENT OF NATURE RESERVES</b>					
REFURBISHMENT OF NATURE RESERVE (BOARDWALKS)	250 000	910 445	910 445	0%	73%
PLANT - NATURE RESERVE	200 000	196 944	196 943	0%	-2%
AIR MONITORING STATION	1 000 000	1 000 000	385 000	-160%	-160%
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND	1 000 000	1 000 000	0	0%	0%
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BUSH CUTTERS, TRAILERS FOR RITE ON ETC)	3 000 000	0	0	0%	0%
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BUSH CUTTERS, TRAILERS FOR RITE ON ETC)	0	4 000 000	3 366 009	-19%	100%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	325 918	325 918	0%	100%
BCM FLEET - SOLID WASTE FLEET AND PLANT c/o	0	3 765 986	3 765 985	0%	100%
ACQUISITION OF LDV'S AND 4 TON TRUCK	0	1 920 926	1 703 850	-13%	100%
GALVANISED STREET LITTER BINS c/o	0	4 993 639	0	0%	0%
AIR MONITORING STATION c/o	0	1 019 415	802 698	-27%	100%
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND c/o	0	2 000 000	0	0%	0%
TOOLS & EQUIPMENT c/o	0	109 503	109 503	0%	100%
<b>TOTAL CAPITAL BUDGET: DIRECTORATE OF SOLID WASTE &amp; ENVIRONMENTAL MANAGEMENT</b>	<b>38 518 987</b>	<b>50 019 036</b>	<b>37 124 456</b>	<b>-35%</b>	<b>-4%</b>
<b>ASSET REPLACEMENTS - INSURANCE</b>					
ASSET REPLACEMENTS - INSURANCE	6 000 000	3 661 367	2 161 367	0%	0%
<b>TOTAL BCMM CAPITAL PROJECTS</b>	<b>2 038 122 166</b>	<b>1 361 113 385</b>	<b>1 440 785 109</b>	<b>6%</b>	<b>-41%</b>
<b>BCMDA PROJECTS</b>					
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA)	47 100 074	29 625 289	21 226 622	-40%	-122%
COMPUTER SOFTWARE	700 000	227 305	0	0%	0%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	86 400	86 400	43 753	-97%	-97%
COMPUTER EQUIPMENT	353 600	139 600	224 850	38%	-57%

TOTAL - BCMDA	48 240 074	30 078 594	21 495 225	-40%	-124%
TOTAL CAPITAL PROGRAMME	2 086 362 240	1 391 191 978	1 462 280 333	5%	-43%

**APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0**

<b>Capital Programme by Project by Ward: Year 2022/23</b>		
<b>Capital Project</b>	<b>Ward(s) affected</b>	<b>R' 000 Works completed (Yes/No)</b>
<b>SANITATION / SEWERAGE</b>		
SANITATION FACILITIES IN INFORMAL SETTLEMENTS	ALL WARDS	No
BERLIN SEWERS	45	No
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	25, 35, 37, 41, 44	No
UPGRADING OF ZWELITSHA WASTEWATER TREATMENT WORKS	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
NAHOON RIVER OUTFALL SEWER	15, 16, 18, 28	No
UPGRADING OF SECURITY FOR SANITATION INFRASTRUCTURE	ALL WARDS	No
INSTALLATION OF GROUNDWATER MONITORING BOREHOLES FOR WASTEWATER TREATMENT WORKS	ALL WARDS	No
CONSTRUCTION OF NETWORK FLOW MONITORING INFRASTRUCTURE	ALL WARDS	No
UPGRADING OF KIDDS BEACH WASTEWATER TREATMENT WORKS	31	No
RENEWAL OF INFRASTRUCTURE - RETICULATION	ALL WARDS	No
RENEWAL OF INFRASTRUCTURE - PUMP STATIONS	ALL WARDS	No
RENEWAL OF INFRASTRUCTURE - TREATMENT WORKS	ALL WARDS	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
UPGRADING OF POTSDAM WASTEWATER TREATMENT WORKS	23	No
UPGRADING OF POTSDAM WASTEWATER TREATMENT WORKS	23	No
UPGRADING OF DIMBAZA WASTEWATER TREATMENT WORKS	34, 36	No
UPGRADING OF DIMBAZA WASTEWATER TREATMENT WORKS	34, 36	No
<b>WATER</b>		
UPGRADE WATER NETWORKS	26,31,32,33,36,37,38	No
WATER BACKLOGS	26,31,32,33,36,37,38,40,50	No
PIPE AND WATER METER REPLACEMENT IN BISHO,KWT & DIMBAZA	34,35,36,37,38,39,40,41,43,44,49	No
PIPE AND WATER METER REPLACEMENT IN EL	1-10,15,16,18,27,28,29,31,32,33,46,47,50	No
PIPE AND WATER METER REPLACEMENT IN MDANTSANE	11,12,13,14,42,48,50,17,20,23	No
AMAHLEKE WATER SUPPLY	36	No

ALTERNATIVE WATER SUPPLY	ALL WARDS	No
UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	1-10,15,16,18,27,28,29,31,32,33,46,47,50	No
W/DEMAND MANGM - WATER CONSERV - PRV STA	ALL WARDS	No
INFORMAL SETTLEMENTS	31,46	No
<b>ELECTRICITY</b>		
BULK ELEC INFRAS UPGR(RING-FENCED 4%)	7,9,8,10,13,14,15,17,22,27,37,42,45,46,	No
ELECTRIFICATION PROGRAMME	ALL WARDS	No
ELECTRIFICATION - 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 & OPERATIONS DEPOT	28	No
<b>ROADS</b>		
BOWLS ROAD REHABILITATIONN - WARD 3	3	No
CONSTRUCTION OF ROAD INFRASTRUCTURE	14	No
CONSTRUCTION OF ROAD INFRASTRUCTURE - SANDILE-THUSI ROAD	14	No
REHABILIT OF BCMM BRIDGES AND STORMWATER	ALL WARDS	No
REHABILITATION OF BEACONHURST DRIVE	28	No
REHABILITATION OF DOUGLAS SMITH HIGHWAY	6	No
REHABILITATION OF SETTLERS WAY	46	No
REHABILITATION OF ZIPHUNZANA BYPASS	6	No
ROADS PROVISION	16,45,26,25,41,39,29	No
RURAL ROADS	31,32,33,34,35,36,38,40,43,49,50	No
UPGRADING OF MDANTSANE ROADS - CLUSTER 1	11, 12, 14, 17, 42	No
UPGRADING OF MDANTSANE ROADS - CLUSTER 2	17, 20,30,48	No
UPGRADING OF MDANTSANE ROADS - CLUSTER 3	21, 23, 24	No
UPGRADE OF NORTH EAST EXPRESSWAY	18	No
URBAN ROADS - WARD 35	35	No
URBAN ROADS - WARD 37	37	No
URBAN ROADS - WARD 39	39	No
<b>HOUSING</b>		
POTSDAM IKHWEZI BL 1	24	No
CLUSTER 3	8,10	No
POTSDAM NORTH KANANA	24	No
DUNCAN VILLAGE PROPER	1	No
MDANTSANE Z 18 CC PH 2	23	No
CLUSTER 1	12,14,17	No
CLUSTER 2	11,17,20,21,30,48	No
DUNCAN VILL COMP/SITE	1, 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
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
NELSON MANDELA 102 PROJECT-WATER	2	No
BREIDBACH SERVICES PROJECT-WATER	44	No
NONDULA-WATER	12	No
MAJARANTYENI-WATER	45	No
BOXWOOD PROJECT	31	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
MZAMOMHLE: PEOPLES HOUSING PROCESS	27	No
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	1	No
PARKHOMES FOR DESTITUTES & GBV VICTIMS	27	No
LILYVALE ROADS	32	No
MDANTSANE ERF 81,87 & 88 RELOCATION SITE UNITS	23	No
HAVEN HILLS TRU	10	No
HEMINGWAYS INFORMAL SETTLEMENTS	1	No
SILVERTOWN	1	No
<b>ECONOMIC DEVELOPMENT</b>		
BUILDING OF MEMORIAL STONES	ALL WARDS	No
KIWANE RESORT MAINTENANCE & UPGRADE	32	No
CONSTRUCTION OF CABIN ACCOMMODATION	32	No

EXTENSION OF MDANTSANE ART CENTRE	42	No
HYDROPONICS AND PACKHOUSE PROJECT	ALL WARDS	No
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	32	No
INFORMAL TRADE INFRASTRUCTURE (Hawker Stalls)	ALL WARDS	No
INSTALLATION OF ADVENTURE ACTIVITIES	32	No
FILM STUDIO DEVELOPMENT	ALL WARDS	No
INSTALLATION OF RECREATIONAL FACILITIES	32	No
ART CENTRE	37	No
MDANTSANE ART CENTRE	42	No
SMME INCUBATOR	ALL WARDS	No
OFFICE FURN & EQUIPMENT (DIRECTORATE)	47	No
RESTORATION OF HERITAGE SITES	ALL WARDS	No
REVITALISATION OF INDUSTRIAL AREAS	36,24,5	No
TOURISM HUB	41	No
UPGRADING OF BUILDINGS	ALL WARDS	No
UPGRADING OF MARKET HALL	4	No
WATER LEISURE ACTIVITIES	32,38,31,20,34	No
FORT JACKSON JUNCTION HUB	24	No
AGRI-VILLAGE	ALL WARDS	No
<b>SPATIAL &amp; DEVELOPMENT PLANNING</b>		
AERIAL PHOTOGRAPHY AND MAPPING	47	No
BUXTON, ELECTRICITY HOUSE AND RESERVE BANK REFURBISHMENT	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
LAND ACQUISITION & BUILDINGS	ALL WARDS	No
LAND ACQUISITION	ALL WARDS	No
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
SLEEPER SITE ROAD	47	No
CITY TO SEA BOULEVARD	47	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
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
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	ALL WARDS	No
<b>SPORT ARTS &amp; CULTURE</b>		
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	ALL WARDS	No
UPGRADING OF SPORTSFIELDS	ALL WARDS	No
<b>UPGRADING OF CEMETRIES</b>		
PLANT AND EQUIPMENT (CEMETRIES)	ALL WARDS	No
COAST CEMETRIES (CAMBRIDGE CREMATORIUM) 2	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 (KWT / CLUBVIEW)	37	No
INLAND CEMETRIES (PHAKAMISA)	25	No
INLAND CEMETRIES (ZWELITSHA)	41	No
MIDLANDS CEMETRIES (FORT JACKSON)	24	No
MIDLANDS CEMETRIES (MTSOTSO CEMETERY)	14	No
FENCING OF CEMETERIES	14	No
<b>SWIMMING POOLS</b>		
REDEVELOPMENT OF MDANTSANE SPORT PRECINT - NU2 SWIMMING POOL	42	No
SWIMMING POOLS	47	No
<b>COMMUNITY HALLS</b>		
DEVELOPMENT UPGRADE AND REFURBISHMENT OF COMMUNITY HALLS	ALL WARDS	No
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	ALL WARDS	No
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	ALL WARDS	No
HALLS-TOOLS AND EQUIPMENT	1,2,4,5,9,12,16,19,20,21,22,24,26,27,29,47,48	No
UPGR & REFURB EXIST C/HALLS & FACILITIES	ALL WARDS	No
CONSTRUCTION OF GESINI HALL	8	No
CONSTRUCTION OF NU 3 HALL WARD 14	14	No
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
<b>UPGRADING OF DEPOTS</b>		
NU 6 MDANTSANE DEPOT	20	No
BERLIN DEPOT	45	No
<b>HEALTH</b>		
AIR MONITORING STATION	ALL WARDS	No
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND	ALL WARDS	No

<b>SAFETY &amp; SECURITY</b>		
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
TACTICAL RADIO NETWORK	ALL WARDS	No
CONSTRUCTION OF NEW DISASTER MANAGEMENT CENTRE	47	No
REFURBISHMENT OF FIRE ENGINES	ALL WARDS	No
FIRE ENGINES PROCURED	ALL WARDS	No
FURNITURE & EQUIPMENT BERLIN FIRE STATION	45	No
FIRE EQUIPMENT	ALL WARDS	No
NEW FIRE STATION - BERLIN WARD 45	45	No
REFURBISHMENT OF FIRE STATIONS	47	No
LAW ENFORCEMENT VEHICLES	ALL WARDS	No
FURNITURE & EQUIPMENT LAW ENFORCEMENT OFFICES	47	No
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	ALL WARDS	No
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	43,37,25,41,44,34,36, 39	No
BACK-UP GENERATORS	ALL WARDS	No
<b>SOLID WASTER PROGRAMME</b>		
GUARD HOUSE ABLUTION FACILIT & OFFICES	27 & 28	No
CONSTRUCTION OF WASTE CELLS AT KWT LANDFILL SITE	35	No
CONSTRUCTION OF CELL 3, CELL 4 AND ANCILLARY WORKS IN THE LANDFILL SITES	45	No
UPGRADING OF GARDEN TRANSFER STATIONS (COASTAL)	28	No
GALVANISED STREET LITTER BINS	ALL WARDS	No
<b>CITY MANAGER'S OFFICE</b>		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
OFFICE FURNITURE AND EQUIPMENT-EPMO	ALL WARDS	Yes
<b>FINANCE</b>		
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
SMART METERING SOLUTIONS (ELECTRICITY)	ALL WARDS	No
SMART METERING SOLUTIONS (ELECTRICITY)	ALL WARDS	No
SMART METERING WATER 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
FENCING SCM	ALL WARDS	No
<b>CORPORATE SERVICES</b>		



OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALLWARDS	Yes
FURNITURE FOR INTERNS	ALL WARDS	Yes
<b>ICT SERVICES</b>		
SCANNERS	ALL WARDS	No
FIBRE NETWORK	ALL WARDS	No
LTE INFRASTRUCTURE	ALL WARDS	No
DISASTER RECOVERY ENHANCEMENT	ALL WARDS	No
<b>EXECUTIVE SUPPORT</b>		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
<b>FLEET</b>		
BCM FLEET PLANT SPECIALISED EQUIPMENT & SOLID WASTE VEHICLES	ALL WARDS	No
		T O

#### APPENDIX P – SERVICE BACKLOGS AT SCHOOLS AND CLINICS

**NB. INFORMATION REQUIRED IS NOT APPLICABLE TO BCMM**

#### APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

**NB. INFORMATION REQUIRED IS NOT APPLICABLE TO BCMM**

#### APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

**NB. BCMM DID NOT TAKE LOANS DURING THE YEAR UNDER REVIEW.**

**T R**

#### APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

**NB. INFORMATION REQUIRED IS NOT APPLICABLE TO BCMM**



# AUDIT COMMITTEES REPORT: 2022/2023



# **BCMM 2022–2023 ANNUAL REPORT**

**BCMM AUDIT COMMITTEE'S  
REPORT 2022/2023**

# **Audit Committee Report**

**as at 30 June 2023**

## Buffalo City Metropolitan Municipality

The Audit Committee is pleased to present its report for the period ending 30 June 2023, 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 approved by City Council. 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 2022/23 financial period was appointed effective 4<sup>th</sup> September 2020 and comprises the following independent external members:

<b>No.</b>	<b>Member</b>	<b>Number of meetings attended</b>
1.	Mr. S. Ngqwala (Chairperson)	Seven (7)
2.	Mr. S. Maharaj	Ten (10)
3.	Mr. L. Ngqongwa	Five (5)
4.	Mr. T. Zororo	Seven (7)
5.	Ms. T. Maqwati-Naku	Seven (7)

Out of the ten meetings held, four were ordinary Audit Committee meetings and six were special meetings held for the following purposes:

- To consider the Quarterly Performance Information Report as well as Internal Audit reports not considered at the Ordinary meeting.
- To consider the external audit report as presented by the Auditor General (SA) as well as the Audited Annual Financial Statements for the 2022/23 financial year.
- To review and approve the separate Annual Financial Statements for external audit.
- To review and approve the consolidated Annual Financial Statements.
- To consider the external audit strategy as presented by the Auditor General (SA).
- To finalise agenda items that could not be dealt with in previous meetings.

## 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 held awareness and educational workshops as well as collaboration discussions and initiatives on combined assurance to encourage collective ownership of governance and assurance. The City has, commendably, approved a Combined Assurance Framework in this regard, which framework has been designed by the Governance and Internal Audit unit in line with this Unit's approved Three Year Strategic Plan. This approval was effected after a number of workshops held for Councillors as well as management on the principles of Combined Assurance.

The primary focus of the framework centres around the fact that management should promote a culture in which administrative controls are constantly improved and where evidence of co-ordination, accountability and consequence management remains a key focus. The Committee therefore looks forward to the implementation of the Combined Assurance Plan as the implementation document of the framework in the City.

## FINANCIAL REPORTING

The Audit Committee was presented with the quarterly Statements of Financial Performance as well as reports on the Implementation of the 2022/23 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 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 in order that corrective measures 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 areas.

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 2023 (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 has noted the material irregularity raised by the external auditors in the current financial period relating to loss control. The Committee impresses on management the need to introduce appropriate controls in their systems to ensure to the safeguarding of assets, completeness of billing, enhancement of revenue, limitation of loss and validity of reporting.

The Committee further noted the regression in the external audit opinion from an unqualified opinion in the prior year to a qualified opinion for the 2022/23 financial year with a number of material matters. It is the Committee's standing viewpoint that management should focus on the strengthening of the control environment throughout the year, and not rely on post-fact identification and reporting of control deficiencies by external assurance providers after year-end.

## 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 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 of activity of the ICT Governance Committee during the year, although some improvements have been noted in this regard. Furthermore, the Committee considers and recommends that the integration of systems within the City be prioritized for increased efficiency in the ICT control environment.

The Committee impressed upon management the need to conduct regular Disaster Recovery Tests for the City's systems, which test was not conducted during the 2022/23 financial year. It was impressed upon management that pro-active testing of this nature serves to pre-emptively detect and correct any deficiencies in the system that may disrupt business continuity, therefore, such tests should be prioritised.

## 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 did not validate the targets achieved, and, for the non-achieved targets inadequate corrective measures are given.

The Committee further noted the modified external audit outcomes for the selected objectives under the Audit of Predetermined Objectives. Regrettably, some of the deficiencies in the validity, accuracy and completeness of reported performance information were also reported quarterly by the internal audit function. The Committee therefore once more impresses on management the need for pro-active implementation and monitoring of the effectiveness of controls in performance and reporting throughout the year.

The Committee considers that 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 and there remains vast room for improvement in this area.



The Committee implores management to improve on fairly presented reporting, and furthermore, it is imperative to ensure that the supporting documentation 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.

## 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 parties to delay the conclusion of 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 with regulative prescripts. The Committee therefore urges management to expedite finalisation of such matters.

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

While noting the commendable improvement in the external audit outcome relating specifically to Irregular Expenditure from qualified in the prior year to unqualified in the current year, the Committee remains 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 as the balance of disclosed irregular expenditure has been noted to be increasing year on year.

## 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 year. 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 in place, however, the crafting of action plans to address reported deficiencies, as well as the implementation of such action plans, remain poor.

Management was, commendably, observed to remain committed to risk management as reflected from the activity of the Risk Committee which Committee is Chaired by an independent external person and further includes two independent external members.

It was however noted that the City has not yet set for itself a risk tolerance level. This would be useful to provide indication of how far the residual risks on the Strategic Risk register could compromise the City in the achievement of its objectives. The Risk Management Committee, through the Chairperson, has been advised therefore to interrogate the risk appetite and tolerance levels for the Municipality. The Audit Committee encourages management to continue in their endeavours to improve the internal control and risk management environment in the City.

## CONCLUSION

The Audit Committee has noted the high rate of implementations of their resolutions by management as a commendable fact. This is an indication that management responds positively to the advices and oversight guidance made by the Audit Committee in carrying out its responsibilities.

The Committee was further involved in the external audit through receipt of the audit strategy from the AGSA while management held periodic audit steering committee meetings and made various reports on these to the Audit Committee in-committee meetings. The Committee received 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, as well as all assurance providers under the Combined Assurance Framework, 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, 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 look forward to a continued constructive working relationship with all the relevant parties at the Municipality.

*Ngqwala*

**Mr. S.M. Ngqwala**

*Chairperson, Audit Committee*



# **BCMM 2022–2023 ANNUAL REPORT**

**VOLUME II: ANNUAL FINANCIAL  
STATEMENTS**



Buffalo City Metropolitan Municipality  
Audited Consolidated Annual Financial Statements  
for the year ended 30 June 2023

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Legal form of entity</b>	Municipality
<b>Nature of business and principal activities</b>	Local Government
<b>Jurisdiction</b>	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, Iliitha, Ginsberg and the surrounding rural areas.
<b>Mayoral committee</b>	
Executive Mayor	Councillor P. Faku
Councillors	Councillor M. Mfazwe - Human Settlements Councillor S. Matwele - Spatial Planning & Development Councillor N. Maxongo - Financial Services Councillor S. Ntsasela - Economic Development & Agencies Councillor H. Neale-May - Health, Public Safety and Emergency Services Councillor Y. Tyali - Infrastructure Services Councillor G. Lottering - Sports, Recreation and Community Development Councillor N.C. Tom - Corporate Services Councillor C. Yekiso-Morolong - Solid Waste and Environmental Management
<b>Grading of local authority</b>	Grade 6 Municipality
<b>City Manager / Accounting Officer</b>	Mr. M. Yawa
<b>Acting Chief Financial Officer (ACFO)</b>	Mr. A. Xoseka
<b>Business address</b>	Trust Centre Oxford Street East London 5201
<b>Postal address</b>	PO Box 134 East London 5200
<b>Bankers</b>	Standard Bank
<b>Auditors</b>	Auditor General of South Africa
<b>Members of the Audit Committee</b>	Mr. S. Ngqwala (Chairperson) - appointment 04 September 2020 Mr. S. Maharaj (Member) - appointment 04 September 2020 Mr. L. Ngqongwa (Member) - appointment 04 September 2020 Mr. T. Zororo (Member) - appointment 04 September 2020 Ms. T. Maqwati-Naku (Member) - appointment 04 September 2020 Ms. L. Hini - appointment 04 September 2020 - resigned 03 August 2022
<b>Legislation Governing the Municipality</b>	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 2023

## Index

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The reports and statements set out below comprise the audited consolidated annual financial statements presented to the Council:

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### Abbreviations used:

BCMDA	Buffalo City Metropolitan Development Agency
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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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 are 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 place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 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 deficit.

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2024 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.

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

The accounting officer are primarily responsible for the financial affairs of the entity, and is supported by the economic entity's Senior management team.

The audited consolidated annual financial statements set out on page 4 - 121, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2023.

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**Accounting Officer**  
**M. Yawa**



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	8	50 846 397	44 209 772	50 806 436	44 147 385
Receivables from non-exchange transactions	9&11	894 752 505	830 255 495	894 752 505	830 255 495
Receivables from exchange transactions	10&11	2 067 794 409	1 845 337 279	2 071 596 850	1 839 155 855
Prepayments	13	-	104 436	-	-
Cash and cash equivalents	12	679 974 997	697 456 815	659 988 423	677 023 479
		<b>3 693 368 308</b>	<b>3 417 363 797</b>	<b>3 677 144 214</b>	<b>3 390 582 214</b>
<b>Non-Current Assets</b>					
Investment property	3	460 264 600	451 397 500	460 264 600	451 397 500
Property, plant and equipment	4	24 870 181 392	24 465 311 941	24 868 978 200	24 463 780 219
Intangible assets	5	9 042 729	10 846 857	8 305 760	10 070 513
Heritage assets	6	50 513 440	50 513 440	50 513 440	50 513 440
Investments in associates	7	686 174 352	706 317 270	686 174 352	706 317 270
		<b>26 076 176 513</b>	<b>25 684 387 008</b>	<b>26 074 236 352</b>	<b>25 682 078 942</b>
<b>Total Assets</b>		<b>29 769 544 821</b>	<b>29 101 750 805</b>	<b>29 751 380 566</b>	<b>29 072 661 156</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Borrowings	18	50 157 564	49 140 563	50 157 564	49 140 563
Operating lease liability	15	89 315	68 368	-	-
Trade payables from exchange transactions	20	1 878 529 217	1 584 781 477	1 875 550 444	1 595 447 134
Consumer deposits	23	83 616 487	79 793 423	83 616 487	79 793 423
Employee benefit obligation	16	59 370 000	29 148 000	59 370 000	29 148 000
Unspent conditional grants and receipts	17	255 178 690	283 485 342	253 824 888	274 305 540
Provisions	19	396 923 669	379 423 717	386 208 154	377 786 640
		<b>2 723 864 942</b>	<b>2 405 840 890</b>	<b>2 708 727 537</b>	<b>2 405 621 300</b>
<b>Non-Current Liabilities</b>					
Borrowings	18	88 696 244	138 853 808	88 696 244	138 853 808
Employee benefit obligation	16	715 349 000	825 728 000	715 349 000	825 728 000
Provisions	19	94 320 191	112 509 556	89 746 342	99 082 969
		<b>898 365 435</b>	<b>1 077 091 364</b>	<b>893 791 586</b>	<b>1 063 664 777</b>
<b>Total Liabilities</b>		<b>3 622 230 377</b>	<b>3 482 932 254</b>	<b>3 602 519 123</b>	<b>3 469 286 077</b>
<b>Net Assets</b>		<b>26 147 314 444</b>	<b>25 618 818 551</b>	<b>26 148 861 443</b>	<b>25 603 375 079</b>
<b>Reserves</b>					
Revaluation reserve	14	15 522 625 351	14 709 129 236	15 522 625 351	14 709 129 236
Accumulated surplus		10 624 689 093	10 909 689 315	10 626 236 092	10 894 245 843
<b>Total Net Assets</b>		<b>26 147 314 444</b>	<b>25 618 818 551</b>	<b>26 148 861 443</b>	<b>25 603 375 079</b>

\* See Note 53

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	25	3 766 314 630	4 204 603 295	3 766 314 630	4 204 603 295
Rental of facilities and equipment	26	24 500 929	20 426 976	24 500 929	20 426 976
Agency services	27	21 870 747	23 878 654	21 870 747	23 878 654
Other revenue - (exchange)	28	75 330 491	66 081 160	74 995 184	65 937 673
Interest received	29	262 739 040	152 553 075	261 622 032	151 831 293
<b>Total revenue from exchange transactions</b>		<b>4 150 755 837</b>	<b>4 467 543 160</b>	<b>4 149 303 522</b>	<b>4 466 677 891</b>
<b>Revenue from non-exchange transactions</b>					
Property rates	30	1 791 370 242	1 698 669 109	1 791 370 242	1 698 669 109
Licences and Permits (non-exchange)	31	12 216 036	12 114 951	12 216 036	12 114 951
Interest (non-exchange)	32	85 675 639	54 304 838	85 675 639	54 304 838
Government grants & subsidies	33	1 936 173 537	1 729 702 487	1 925 040 153	1 739 305 650
Other revenue - (non-exchange)	34	82 451 262	82 262 940	82 451 262	82 262 940
Public contributions and donations	24	4 160 425	2 293 545	4 160 425	2 293 545
Fines	24	6 973 578	12 407 778	6 973 578	12 407 778
Fuel levy	24	719 203 000	652 199 000	719 203 000	652 199 000
<b>Total revenue from non-exchange transactions</b>		<b>4 638 223 719</b>	<b>4 243 954 648</b>	<b>4 627 090 335</b>	<b>4 253 557 811</b>
<b>Total revenue</b>	24	<b>8 788 979 556</b>	<b>8 711 497 808</b>	<b>8 776 393 857</b>	<b>8 720 235 702</b>
<b>Expenditure</b>					
Employee related costs	35	(2 476 159 013)	(2 535 946 820)	(2 432 021 251)	(2 512 381 060)
Remuneration of councillors	36	(69 219 711)	(69 153 266)	(66 749 188)	(66 495 905)
Depreciation and amortisation	37	(1 846 054 391)	(1 589 630 595)	(1 845 224 932)	(1 588 519 227)
Finance costs	38	(16 075 060)	(20 684 494)	(16 074 877)	(20 684 493)
Debt Impairment	40	(897 827 765)	(1 338 506 415)	(897 827 765)	(1 338 506 415)
Bulk purchases	41	(2 206 834 982)	(2 169 309 617)	(2 206 834 982)	(2 169 309 617)
Repairs and maintenance	42	(445 308 261)	(412 255 936)	(444 632 522)	(411 018 988)
Contracted services	43	(283 716 286)	(229 105 428)	(267 349 484)	(211 720 688)
Grants and subsidies paid	44	(91 955 485)	(71 281 035)	(137 494 884)	(127 899 386)
General expenses	45	(729 796 166)	(687 425 861)	(719 188 272)	(686 078 774)
<b>Total expenditure</b>		<b>(9 062 947 120)</b>	<b>(9 123 299 467)</b>	<b>(9 033 398 157)</b>	<b>(9 132 614 553)</b>
<b>Operating deficit</b>		<b>(273 967 564)</b>	<b>(411 801 659)</b>	<b>(257 004 300)</b>	<b>(412 378 851)</b>
Gain/(loss) on disposal of assets	4	430 933	528 642	409 343	470 508
Fair value adjustments	46	8 867 100	15 348 500	8 867 100	15 348 500
Impairment loss	5	(26 356)	-	-	-
Share of surpluses or (deficits) from associates	7	(20 142 918)	29 868 763	(20 142 918)	29 868 763
Inventories losses/write-downs	8	(161 416)	(488 477)	(138 990)	(502 895)
		<b>(11 032 657)</b>	<b>45 257 428</b>	<b>(11 005 465)</b>	<b>45 184 876</b>
<b>Deficit for the year</b>		<b>(285 000 221)</b>	<b>(366 544 231)</b>	<b>(268 009 765)</b>	<b>(367 193 975)</b>

\* See Note 53

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
<b>Economic entity</b>			
Opening balance as previously reported	11 603 155 423	11 479 951 161	23 083 106 584
Adjustments			
Prior year adjustments 53	30 551 746	(203 717 615)	(173 165 869)
<b>Balance at 01 July 2021 as restated*</b>	<b>11 633 707 169</b>	<b>11 276 233 546</b>	<b>22 909 940 715</b>
Changes in net assets			
(Deficit) for the year	-	(366 544 231)	(366 544 231)
Revaluation	3 028 336 712	-	3 028 336 712
Prior period error	47 085 355	-	47 085 355
Total changes	3 075 422 067	(366 544 231)	2 708 877 836
<b>Restated* Balance at 01 July 2022</b>	<b>14 709 129 236</b>	<b>10 909 689 314</b>	<b>25 618 818 550</b>
Changes in net assets			
Revaluation	813 496 115	-	813 496 115
Net income (losses) recognised directly in net assets	813 496 115	-	813 496 115
(Deficit) for the year	-	(285 000 221)	(285 000 221)
Total recognised income and expenses for the year	813 496 115	(285 000 221)	528 495 894
Total changes	813 496 115	(285 000 221)	528 495 894
<b>Balance at 30 June 2023</b>	<b>15 522 625 351</b>	<b>10 624 689 093</b>	<b>26 147 314 444</b>
Note(s)	14	53	
<b>Controlling entity</b>			
Opening balance as previously reported	11 603 155 423	11 466 059 522	23 069 214 945
Adjustments			
Prior year adjustments 53	30 551 746	(204 619 704)	(174 067 958)
<b>Balance at 01 July 2021 as restated*</b>	<b>11 633 707 169</b>	<b>11 261 439 818</b>	<b>22 895 146 987</b>
Changes in net assets			
(Deficit) for the year	-	(367 193 975)	(367 193 975)
Revaluation	3 028 336 712	-	3 028 336 712
Prior period error	47 085 355	-	47 085 355
Total changes	3 075 422 067	(367 193 975)	2 708 228 092
<b>Restated* Balance at 01 July 2022</b>	<b>14 709 129 236</b>	<b>10 894 245 857</b>	<b>25 603 375 093</b>
Changes in net assets			
Revaluation	813 496 115	-	813 496 115
Net income (losses) recognised directly in net assets	813 496 115	-	813 496 115
(Deficit) for the year	-	(268 009 765)	(268 009 765)
Total recognised income and expenses for the year	813 496 115	(268 009 765)	545 486 350
Total changes	813 496 115	(268 009 765)	545 486 350
<b>Balance at 30 June 2023</b>	<b>15 522 625 351</b>	<b>10 626 236 092</b>	<b>26 148 861 443</b>
Note(s)	14	53	

\* See Note 53

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services	66	5 315 449 010	5 312 684 679	5 305 129 838	5 317 508 008
Government grants and subsidies	66	1 907 866 885	1 746 183 918	1 904 559 501	1 748 912 548
Interest income	32&29	348 414 679	206 857 913	347 297 671	206 136 131
		<b>7 571 730 574</b>	<b>7 265 726 510</b>	<b>7 556 987 010</b>	<b>7 272 556 687</b>
<b>Payments</b>					
Employee costs & Councillors remuneration	66	(2 627 284 737)	(2 538 137 838)	(2 580 025 681)	(2 511 302 130)
Suppliers and other payments	66	(3 465 653 435)	(3 693 364 017)	(3 498 188 668)	(3 728 649 643)
Finance costs	38	(16 075 060)	(20 684 494)	(16 074 877)	(20 684 493)
		<b>(6 109 013 232)</b>	<b>(6 252 186 349)</b>	<b>(6 094 289 226)</b>	<b>(6 260 636 266)</b>
<b>Net cash flows from operating activities</b>	<b>48</b>	<b>1 462 717 342</b>	<b>1 013 540 161</b>	<b>1 462 697 784</b>	<b>1 011 920 421</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(1 443 300 818)	(1 417 425 060)	(1 443 034 852)	(1 417 048 814)
Proceeds from sale of property, plant and equipment	4	12 665 367	1 380 041	12 643 777	1 263 980
Purchase of other intangible assets	5	(423 146)	(255 048)	(201 202)	-
<b>Net cash flows from investing activities</b>		<b>(1 431 058 597)</b>	<b>(1 416 300 067)</b>	<b>(1 430 592 277)</b>	<b>(1 415 784 834)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(49 140 563)	(45 190 556)	(49 140 563)	(45 190 556)
<b>Net cash flows from financing activities</b>		<b>(49 140 563)</b>	<b>(45 190 556)</b>	<b>(49 140 563)</b>	<b>(45 190 556)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(17 481 818)</b>	<b>(447 950 462)</b>	<b>(17 035 056)</b>	<b>(449 054 969)</b>
Cash and cash equivalents at the beginning of the year		697 456 815	1 145 407 277	677 023 479	1 126 078 448
<b>Cash and cash equivalents at the end of the year</b>	<b>12</b>	<b>679 974 997</b>	<b>697 456 815</b>	<b>659 988 423</b>	<b>677 023 479</b>

\* See Note 53

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>Economic entity - 2023</b>											
<b>Financial Performance</b>											
Property rates	1 958 216 274	-	1 958 216 274	-	-	1 958 216 274	1 791 370 242	-	(166 846 032)	91 %	
Service charges	4 253 303 496	(80 000 000)	4 173 303 496	-	-	4 173 303 496	3 766 314 630	-	(406 988 866)	90 %	
Investment revenue	30 876 217	480 225	31 356 442	-	-	31 356 442	47 659 847	-	16 303 405	152 %	N1
Transfers recognised - operational	1 446 763 267	29 804 887	1 476 568 154	-	-	1 476 568 154	1 203 572 003	-	(272 996 151)	82 %	N2
Other own revenue	1 182 479 501	44 711 784	1 227 191 285	-	-	1 227 191 285	1 252 598 908	-	25 407 623	102 %	
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>8 871 638 755</b>	<b>(5 003 104)</b>	<b>8 866 635 651</b>	-	-	<b>8 866 635 651</b>	<b>8 061 515 630</b>	-	<b>(805 120 021)</b>	<b>91 %</b>	
Employee costs	(2 686 871 005)	88 782 992	(2 598 088 013)	-	-	(2 598 088 013)	(2 476 159 013)	-	121 929 000	95 %	
Remuneration of councillors	(70 262 860)	-	(70 262 860)	-	-	(70 262 860)	(69 219 711)	-	1 043 149	99 %	
Debt impairment	(1 211 246 355)	-	(1 211 246 355)	-	-	(1 211 246 355)	(897 827 765)	-	313 418 590	74 %	N3
Depreciation and asset impairment	(1 826 633 429)	(21 262 780)	(1 847 896 209)	-	-	(1 847 896 209)	(1 846 080 747)	-	1 815 462	100 %	
Finance charges	(49 360 667)	20 609 884	(28 750 783)	-	-	(28 750 783)	(16 075 060)	-	12 675 723	56 %	N4
Bulk purchases	(2 434 214 099)	167 807 607	(2 266 406 492)	-	-	(2 266 406 492)	(2 206 834 982)	-	59 571 510	97 %	
Transfers and grants	(170 552 856)	(17 926 442)	(188 479 298)	-	-	(188 479 298)	(91 955 485)	-	96 523 813	49 %	N5
Other expenditure	(1 633 505 008)	(89 186 633)	(1 722 691 641)	-	-	(1 722 691 641)	(1 458 982 129)	-	263 709 512	85 %	N6
<b>Total expenditure</b>	<b>(10 082 646 279)</b>	<b>148 824 628</b>	<b>(9 933 821 651)</b>	-	-	<b>(9 933 821 651)</b>	<b>(9 063 134 892)</b>	-	<b>870 686 759</b>	<b>91 %</b>	
<b>Surplus/(Deficit)</b>	<b>(1 211 007 524)</b>	<b>143 821 524</b>	<b>(1 067 186 000)</b>	-	-	<b>(1 067 186 000)</b>	<b>(1 001 619 262)</b>	-	<b>65 566 738</b>	<b>94 %</b>	

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Transfers recognised - capital	734 875 340	(4 849 919)	730 025 421	-		730 025 421	732 601 534		2 576 113	100 %	
Contributions recognised - capital and contributed assets	-	-	-	-		-	4 160 425		4 160 425		N7
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(476 132 184)</b>	<b>138 971 605</b>	<b>(337 160 579)</b>	<b>-</b>		<b>(337 160 579)</b>	<b>(264 857 303)</b>		<b>72 303 276</b>	<b>79 %</b>	
Share of surplus (deficit) of associate	-	-	-	-		-	(20 142 918)		(20 142 918)		N8
<b>Surplus/(Deficit) for the year</b>	<b>(476 132 184)</b>	<b>138 971 605</b>	<b>(337 160 579)</b>	<b>-</b>		<b>(337 160 579)</b>	<b>(285 000 221)</b>		<b>92 446 194</b>	<b>85 %</b>	<b>N9</b>
<b>Capital expenditure and funds sources</b>											
<b>Sources of capital funds</b>											
Transfers recognised - capital	734 875 340	(4 163 224)	730 712 116	-		730 712 116	732 601 534		1 889 418	100 %	
Borrowing	732 614 380	(732 614 380)	-	-		-	-		-	DIV/0 %	
Internally generated funds	618 872 520	41 607 342	660 479 862	-		660 479 862	729 678 799		69 198 937	110 %	N10
<b>Total sources of capital funds</b>	<b>2 086 362 240</b>	<b>(695 170 262)</b>	<b>1 391 191 978</b>	<b>-</b>		<b>1 391 191 978</b>	<b>1 462 280 333</b>		<b>71 088 355</b>	<b>105 %</b>	
<b>Financial position</b>											
Total current assets	3 516 678 695	153 627 973	3 670 306 668	-		3 670 306 668	3 693 368 308		23 061 640	101 %	
Total non-current assets	24 120 494 016	(702 651 995)	23 417 842 021	-		23 417 842 021	26 076 176 513		2 658 334 492	111 %	N11
Total current liabilities	(1 862 363 444)	(10 710 718)	(1 873 074 162)	-		(1 873 074 162)	(2 723 864 942)		(850 790 780)	145 %	N12
Total non-current liabilities	(2 254 275 609)	727 927 390	(1 526 348 219)	-		(1 526 348 219)	(898 365 435)		627 982 784	59 %	N13
<b>Community wealth/Equity</b>	<b>23 520 533 658</b>	<b>168 192 650</b>	<b>23 688 726 308</b>	<b>-</b>		<b>23 688 726 308</b>	<b>26 147 314 444</b>		<b>2 458 588 136</b>	<b>110 %</b>	

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>Cash flows</b>											
Net cash from (used) operating	1 036 020 346	81 830 016	1 117 850 362	-		1 117 850 362	1 462 717 342		344 866 980	131 %	N14
Net cash from (used) investing	(2 086 362 240)	695 157 247	(1 391 204 993)	-		(1 391 204 993)	(1 431 058 597)		(39 853 604)	103 %	
Net cash from (used) financing	677 963 941	(732 614 380)	(54 650 439)	-		(54 650 439)	(49 140 563)		5 509 876	90 %	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(372 377 953)</b>	<b>44 372 883</b>	<b>(328 005 070)</b>	-		<b>(328 005 070)</b>	<b>(17 481 818)</b>		<b>310 523 252</b>	<b>5 %</b>	
Cash and cash equivalents at the beginning of the year	1 257 051 917	(5 425 852)	1 251 626 065	-		1 251 626 065	697 456 815		(554 169 250)	56 %	
<b>Cash and cash equivalents at year end</b>	<b>884 673 964</b>	<b>38 947 031</b>	<b>923 620 995</b>	-		<b>923 620 995</b>	<b>679 974 997</b>		<b>(243 645 998)</b>	<b>74 %</b>	<b>N15</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand

	Original budget	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)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>Controlling entity - 2023</b>											
<b>Financial Performance</b>											
Property rates	1 958 216 274	-	1 958 216 274	-	-	1 958 216 274	1 791 370 242	-	(166 846 032)	91 %	
Service charges	4 253 303 496	(80 000 000)	4 173 303 496	-	-	4 173 303 496	3 766 314 630	-	(406 988 866)	90 %	
Investment revenue	30 239 433	-	30 239 433	-	-	30 239 433	46 542 839	-	16 303 406	154 %	N1
Transfers recognised - operational	1 314 276 380	30 493 034	1 344 769 414	-	-	1 344 769 414	1 192 438 619	-	(152 330 795)	89 %	N2
Other own revenue	1 164 050 791	58 237 692	1 222 288 483	-	-	1 222 288 483	1 252 242 011	-	29 953 528	102 %	
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>8 720 086 374</b>	<b>8 730 726</b>	<b>8 728 817 100</b>	-	-	<b>8 728 817 100</b>	<b>8 048 908 341</b>	-	<b>(679 908 759)</b>	<b>92 %</b>	
Employee costs	(2 654 517 434)	106 419 219	(2 548 098 215)	-	-	(2 548 098 215)	(2 432 021 251)	-	116 076 964	95 %	
Remuneration of councillors	(70 262 860)	-	(70 262 860)	-	-	(70 262 860)	(66 749 188)	-	3 513 672	95 %	
Debt impairment	(1 211 246 355)	-	(1 211 246 355)	-	-	(1 211 246 355)	(897 827 765)	-	313 418 590	74 %	N3
Depreciation and asset impairment	(1 825 649 306)	(21 417 442)	(1 847 066 748)	-	-	(1 847 066 748)	(1 845 224 932)	-	1 841 816	100 %	
Finance charges	(49 356 211)	20 605 608	(28 750 603)	-	-	(28 750 603)	(16 074 877)	-	12 675 726	56 %	N4
Bulk purchases	(2 434 214 099)	167 807 607	(2 266 406 492)	-	-	(2 266 406 492)	(2 206 834 982)	-	59 571 510	97 %	
Transfers and grants	(170 335 760)	(17 888 074)	(188 223 834)	-	-	(188 223 834)	(137 494 884)	-	50 728 950	73 %	N5
Other expenditure	(1 515 511 873)	(120 436 119)	(1 635 947 992)	-	-	(1 635 947 992)	(1 431 309 268)	-	204 638 724	87 %	N6
<b>Total expenditure</b>	<b>(9 931 093 898)</b>	<b>135 090 799</b>	<b>(9 796 003 099)</b>	-	-	<b>(9 796 003 099)</b>	<b>(9 033 537 147)</b>	-	<b>762 465 952</b>	<b>92 %</b>	
<b>Surplus/(Deficit)</b>	<b>(1 211 007 524)</b>	<b>143 821 525</b>	<b>(1 067 185 999)</b>	-	-	<b>(1 067 185 999)</b>	<b>(984 628 806)</b>	-	<b>82 557 193</b>	<b>92 %</b>	



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Transfers recognised - capital	734 875 340	(4 163 224)	730 712 116	-		730 712 116	732 601 534		1 889 418	100 %	
Contributions recognised - capital and contributed assets	-	-	-	-		-	4 160 425		4 160 425	- %	N7
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(476 132 184)</b>	<b>139 658 301</b>	<b>(336 473 883)</b>	<b>-</b>		<b>(336 473 883)</b>	<b>(247 866 847)</b>		<b>88 607 036</b>	<b>74 %</b>	
Share of surplus (deficit) of associate	-	-	-	-		-	(20 142 918)		(20 142 918)	- %	N8
<b>Surplus/(Deficit) for the year</b>	<b>(476 132 184)</b>	<b>139 658 301</b>	<b>(336 473 883)</b>	<b>-</b>		<b>(336 473 883)</b>	<b>(268 009 765)</b>		<b>68 464 118</b>	<b>80 %</b>	<b>N9</b>
<b>Capital expenditure and funds sources</b>											
<b>Sources of capital funds</b>											
Transfers recognised - capital	734 875 340	(4 163 224)	730 712 116	-		730 712 116	732 601 534		1 889 418	100 %	
Borrowing	732 614 380	(732 614 380)	-	-		-	-		-		
Internally generated funds	617 732 520	42 294 037	660 026 557	-		660 026 557	729 410 196		69 383 639	111 %	N10
<b>Total sources of capital funds</b>	<b>2 085 222 240</b>	<b>(694 483 567)</b>	<b>1 390 738 673</b>	<b>-</b>		<b>1 390 738 673</b>	<b>1 462 011 730</b>		<b>71 273 057</b>	<b>105 %</b>	
<b>Financial position</b>											
Total current assets	3 523 575 342	122 944 930	3 646 520 272	-		3 646 520 272	3 677 144 214		30 623 942	101 %	
Total non-current assets	24 116 802 868	(700 901 008)	23 415 901 860	-		23 415 901 860	26 074 236 352		2 658 334 492	111 %	N11
Total current liabilities	(1 857 153 430)	-	(1 857 153 430)	-		(1 857 153 430)	(2 708 727 537)		(851 574 107)	146 %	N12
Total non-current liabilities	(2 254 275 609)	732 614 380	(1 521 661 229)	-		(1 521 661 229)	(893 791 586)		627 869 643	59 %	N13
<b>Community wealth/Equity</b>	<b>23 528 949 171</b>	<b>154 658 302</b>	<b>23 683 607 473</b>	<b>-</b>		<b>23 683 607 473</b>	<b>26 148 861 443</b>		<b>2 465 253 970</b>	<b>110 %</b>	

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>Cash flows</b>											
Net cash from (used) operating	1 036 755 062	81 075 745	1 117 830 807	-		1 117 830 807	1 462 697 784		344 866 977	131 %	N14
Net cash from (used) investing	(2 085 222 240)	694 483 567	(1 390 738 673)	-		(1 390 738 673)	(1 430 592 277)		(39 853 604)	103 %	
Net cash from (used) financing	677 963 941	(732 614 380)	(54 650 439)	-		(54 650 439)	(49 140 563)		5 509 876	90 %	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(370 503 237)</b>	<b>42 944 932</b>	<b>(327 558 305)</b>	-		<b>(327 558 305)</b>	<b>(17 035 056)</b>		<b>310 523 249</b>	<b>5 %</b>	
Cash and cash equivalents at the beginning of the year	1 251 626 065	-	1 251 626 065	-		1 251 626 065	677 023 479		(574 602 586)	54 %	
<b>Cash and cash equivalents at year end</b>	<b>881 122 828</b>	<b>42 944 932</b>	<b>924 067 760</b>	-		<b>924 067 760</b>	<b>659 988 423</b>		<b>264 079 337</b>	<b>71 %</b>	<b>N15</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

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Reasons for material variances shown on the Statement of Comparison of Budget and Actual Amounts are detailed below:

- N1 - (Investment revenue) – Interest rate on call investments and bank is more due to increase in repo rate in the current year which yields greater return on investments.
- N2 - (Transfers recognised - operational) – The variance is caused by revenue 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.
- N3 - (Debt impairment) – The primary reason for the variance is that the growth in debtors is less than in previous years due to the City stopping the implementation of the water punitive tariffs as resolved by Council.
- N4 - (Finance charges) - The City has not taken any new loans that would attract finance costs. The current repayment contributes to a huge reduction in finance costs and an increase in the capital portion repayment on the amortization schedule.
- N5 - (Transfers and grants) - The variance is mainly as a result of European Union (GBS) funds of R33 Million that were set to be received by BCMDA. The funds are only released after a submission of an application to National Treasury to claim the funds. In the 2022/2023 BCMDA never submitted the claim and therefore the R33 million could not be transferred to BCMDA as budgeted by the Metro. Furthermore, Neighbourhood Partnership Grant could not be fully spent as a result of lengthy procurement processes for procuring programme resources and difficulty in acquiring land for construction of buy back centres.
- N6 - (Other expenditure) – The variance is mainly caused by expenditure 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.
- N7 - (Contributions recognised - capital and contributed assets) – This is due to external parties donating assets to the entity.
- N8 - (Share of surplus (deficit) of associate) – There was a deficit realised by the East London Industrial Development Zone at 26% share price held by Buffalo City Metropolitan Municipality resulting in R20 142 918 deficit for the year ended June 2023.
- N9 - (Surplus/(Deficit) for the year) - The increase in billed debtors from 2021 has resulted in a commensurate increase in non-cash expenditure such as the contribution to debt impairment and depreciation.
- N10 - (Internally generated funds) - This relates to projects that were initially funded by other sources of funding but due to unforeseen circumstances during the financial year these projects ended up being funded by internally generated funds.
- N11 - (Total non-current assets) - There was an increase on revaluation of assets at year end and the new acquisition of assets made.
- N12 - (Total current liabilities) - 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 year.
- N13 - (Total non-current liabilities) - Provision for employee benefits obligations and borrowings have decreased
- N14 - (Net cash from (used) operating) - The variance is mainly due to underperformance on sale of services for 2022/23. Factors contributing to this include increased unemployment. This continues to hamper collection of revenue for the City.
- N15 - (Cash and cash equivalents at year-end) - The City's collection rate decreased in the year under review, however, expenditure continued to increase, more specifically on capital expenditure, thus dipping into the invested reserves.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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Economic entity

Controlling entity

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### 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 entity 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 8.

##### Fair value estimation

The valuation of assets is based on management's estimation based on the valuation techniques and market information available. The actual value of assets could differ from the estimate.

Fair value estimates requires management to make certain assumptions which are also subject to change.

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.

##### 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### 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 19 - 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 and residual values of 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.

The estimation of residual values of assets is based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

#### Employee benefit obligation

The present value of the post-retirement obligation and other employee benefit obligations 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 and other employee benefit 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 employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 16.

#### Effective interest rate

The economic entity used the prime interest rate to discount future cash flows.

#### 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.

The entity receives rental income from investment property. Commercial return from positive cash flows are not expected to be significantly higher than the cost of the asset.

Management assessed this as immaterial and regards all assets to meet the definition of non-cash generating assets.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Service charges

Service Charges relating to electricity and water are based on consumption. Estimates are raised where actual readings cannot be taken and these are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. Waste removal is based on the size of the bin and the number of times it is collected. Waste Water is based on the size of the erf for residential Customers. For Business Customers, an area charge plus a charge per pan, including, where applicable a Trade Effluent charge is raised based on water consumption. All Service Charges are billed on a monthly basis.

### 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.

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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.4 Property, plant and equipment

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.

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:

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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

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# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

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.

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 a 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.



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 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 a 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.

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:

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Item	Amortisation method	Average useful life
Computer software	Straight-line	3 to 10

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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 a 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.7 Heritage assets (continued)

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a 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.

#### 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 asset 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.8 Interests in other entities

#### Consolidated financial statements

Consolidated audited consolidated annual financial statements are the audited consolidated annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

#### Investments 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 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
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position and in note 22:

<b>Class</b>	<b>Category</b>
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 22:

<b>Class</b>	<b>Category</b>
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value
Other deposits	Financial liability measured at fair value

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 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 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### 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

#### Initial and subsequent measurement

The economic 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.

#### Accrued interest

Where the economic entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions, whichever is applicable.

#### Impairment losses

The economic entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.10 Statutory receivables (continued)

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the economic entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the economic entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a economic entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### 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
- 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.12 Inventories (continued)

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.

#### 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.



# Buffalo City Metropolitan Municipality

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### 1.13 Impairment of non-cash-generating assets (continued)

#### 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.

#### Re-designation

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 a entity in exchange for service rendered by employees.

The entity provides short term benefits, long term benefits and retirement benefits for its employees.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.14 Employee benefits (continued)

#### 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 a entity provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a 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 67;

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, a 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 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.

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).
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# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.14 Employee benefits (continued)

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, a 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, a 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.

### 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.

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# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.15 Provisions and contingencies (continued)

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 a 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 51.

### 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 50)

### 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### 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.

#### 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.

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

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

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

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

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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.18 Revenue from non-exchange transactions (continued)

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

The entity recognises an asset in respect of taxes 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 recognise 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, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 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 a municipality 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 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 it 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

When the presentation or classification of items in the annual financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 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.

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 and identified. 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.29 Budget information (continued)

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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

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 52)

### 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 2023

## Accounting Policies

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### 1.35 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 2023

## Notes to the Audited Consolidated Annual Financial Statements

Economic entity

Controlling entity

### 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 mandated for the economic entity's accounting periods beginning on or after 01 July 2023 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Impact is currently being assessed
• GRAP 103 (as revised): Heritage Assets	Not yet set	Impact is currently being assessed
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Impact is currently being assessed
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Impact is currently being assessed
• Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet set	Impact is currently being assessed
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Impact is currently being assessed
• Improvements to the standards of GRAP (Year 2020)	01 April 2023	Impact is currently being assessed
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 3. Investment property

Economic entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	460 264 600	-	460 264 600	451 397 500	-	451 397 500

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	460 264 600	-	460 264 600	451 397 500	-	451 397 500

#### Reconciliation of investment property - Economic entity - 2023

	Opening balance	Fair value adjustments	Total
Investment property	451 397 500	8 867 100	460 264 600

#### Reconciliation of investment property - Economic entity - 2022

	Opening balance	Fair value adjustments	Total
Investment property	436 049 000	15 348 500	451 397 500

#### Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Fair value adjustments	Total
Investment property	451 397 500	8 867 100	460 264 600

#### Reconciliation of investment property - Controlling entity - 2022

	Opening balance	Fair value adjustments	Total
Investment property	436 049 000	15 348 500	451 397 500

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 R444 632 522 , (2022: R411 018 988) including repairs and maintenance expenses on investment properties. Refer to repairs and maintenance note 42 and commitments note 50.

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.

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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 3. Investment property (continued)

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 R17 236 586, (2022: R15 510 529).

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

Economic entity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	84 478 976	-	84 478 976	84 478 976	-	84 478 976
Plant and machinery	153 158 742	(107 672 101)	45 486 641	167 382 945	(112 856 176)	54 526 769
Furniture and fixtures	304 619 922	(206 929 573)	97 690 349	299 762 269	(184 847 193)	114 915 076
Motor vehicles	648 333 139	(359 451 818)	288 881 321	644 747 703	(343 557 259)	301 190 444
IT equipment	1 775 176	(1 265 239)	509 937	1 565 438	(963 956)	601 482
Electricity infrastructure	12 674 500 947	(8 600 518 038)	4 073 982 909	12 644 308 016	(8 259 337 211)	4 384 970 805
Other property (halls, social housing)	2 777 552 126	(1 198 142 144)	1 579 409 982	2 674 778 040	(1 104 550 571)	1 570 227 469
Work in progress (WIP)	4 676 640 328	-	4 676 640 328	4 120 008 872	-	4 120 008 872
Recreational facilities	936 539 628	(671 379 971)	265 159 657	913 659 315	(631 950 015)	281 709 300
Roads	17 167 128 836	(10 548 714 282)	6 618 414 554	16 135 518 123	(9 764 500 590)	6 371 017 533
Wastewater network	5 982 353 849	(3 702 221 375)	2 280 132 474	5 939 627 592	(3 565 513 431)	2 374 114 161
Water network	8 655 969 578	(5 014 368 863)	3 641 600 715	8 349 989 614	(4 766 178 686)	3 583 810 928
Community buildings	2 732 291 798	(1 514 498 249)	1 217 793 549	2 621 082 887	(1 397 342 761)	1 223 740 126
<b>Total</b>	<b>56 795 343 045</b>	<b>(31 925 161 653)</b>	<b>24 870 181 392</b>	<b>54 596 909 790</b>	<b>(30 131 597 849)</b>	<b>24 465 311 941</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

Controlling entity

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	84 478 976	-	84 478 976	84 478 976	-	84 478 976
Plant and machinery	153 158 742	(107 672 101)	45 486 641	167 382 945	(112 856 176)	54 526 769
Furniture and fixtures	303 056 484	(206 059 390)	96 997 094	298 220 454	(184 235 618)	113 984 836
Motor vehicles	648 333 139	(359 451 818)	288 881 321	644 747 703	(343 557 259)	301 190 444
Electricity infrastructure	12 674 500 947	(8 600 518 038)	4 073 982 909	12 644 308 016	(8 259 337 211)	4 384 970 805
Other property (halls, social housing)	2 777 552 126	(1 198 142 144)	1 579 409 982	2 674 778 040	(1 104 550 571)	1 570 227 469
Work in progress (WIP)	4 676 640 328	-	4 676 640 328	4 120 008 872	-	4 120 008 872
Recreational facilities	936 539 628	(671 379 971)	265 159 657	913 659 315	(631 950 015)	281 709 300
Roads	17 167 128 836	(10 548 714 282)	6 618 414 554	16 135 518 123	(9 764 500 590)	6 371 017 533
Wastewater network	5 982 353 849	(3 702 221 375)	2 280 132 474	5 939 627 592	(3 565 513 431)	2 374 114 161
Water network	8 655 969 578	(5 014 368 863)	3 641 600 715	8 349 989 614	(4 766 178 686)	3 583 810 928
Community buildings	2 732 291 798	(1 514 498 249)	1 217 793 549	2 621 082 887	(1 397 342 761)	1 223 740 126
<b>Total</b>	<b>56 792 004 431</b>	<b>(31 923 026 231)</b>	<b>24 868 978 200</b>	<b>54 593 802 537</b>	<b>(30 130 022 318)</b>	<b>24 463 780 219</b>



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 - 2023

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	84 478 976	-	-	-	-	-	84 478 976
Plant and machinery	54 526 769	3 147 886	-	(391 166)	-	(11 796 848)	45 486 641
Furniture and fixtures	114 915 076	14 611 073	-	(466 436)	-	(31 369 364)	97 690 349
Motor vehicles	301 190 444	38 949 467	-	(11 376 832)	-	(39 881 758)	288 881 321
IT equipment	601 482	244 343	-	-	-	(335 888)	509 937
Electricity infrastructure	4 384 970 805	-	125 860 896	-	(95 667 969)	(341 180 823)	4 073 982 909
Other property (halls, social housing)	1 570 227 469	-	57 471 552	-	48 633 438	(96 922 477)	1 579 409 982
Work in progress (WIP)	4 120 008 872	1 390 508 474	(833 877 018)	-	-	-	4 676 640 328
Recreational facilities	281 709 300	-	9 627 909	-	13 252 405	(39 429 957)	265 159 657
Roads	6 371 017 533	-	421 962 993	-	609 647 707	(784 213 679)	6 618 414 554
Wastewater network	2 374 114 161	-	60 295 840	-	(20 900 488)	(133 377 039)	2 280 132 474
Water network	3 583 810 928	-	92 382 625	-	213 597 340	(248 190 178)	3 641 600 715
Community buildings	1 223 740 126	-	66 275 203	-	44 933 682	(117 155 462)	1 217 793 549
	<b>24 465 311 941</b>	<b>1 447 461 243</b>	-	<b>(12 234 434)</b>	<b>813 496 115</b>	<b>(1 843 853 473)</b>	<b>24 870 181 392</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## 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 - 2022

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	84 478 976	-	-	-	-	-	-	84 478 976
Plant and machinery	60 825 616	5 462 055	-	(30 041)	-	(11 730 861)	-	54 526 769
Furniture and fixtures	129 555 462	14 762 035	-	(162 411)	-	(29 237 005)	(3 005)	114 915 076
Motor vehicles	323 435 768	15 937 147	-	(172 821)	-	(38 009 650)	-	301 190 444
IT equipment	613 146	376 246	-	(57 927)	-	(329 983)	-	601 482
Electricity infrastructure	3 924 518 523	-	273 296 803	(428 199)	484 039 399	(296 455 721)	-	4 384 970 805
Other property (halls, social housing)	1 343 139 888	-	115 700 204	-	195 554 692	(84 167 315)	-	1 570 227 469
Work in progress (WIP)	3 674 907 141	1 380 887 577	(935 785 846)	-	-	-	-	4 120 008 872
Recreational facilities	262 348 504	-	3 843 059	-	49 837 163	(34 319 426)	-	281 709 300
Roads	5 583 941 980	-	286 167 651	-	1 162 686 887	(661 778 985)	-	6 371 017 533
Wastewater network	2 197 274 440	-	29 074 280	-	266 935 582	(119 170 141)	-	2 374 114 161
Water network	2 899 620 452	-	187 542 370	-	710 507 423	(213 859 317)	-	3 583 810 928
Community buildings	1 075 872 011	-	40 161 479	-	205 860 926	(98 154 290)	-	1 223 740 126
	<b>21 560 531 907</b>	<b>1 417 425 060</b>	<b>-</b>	<b>(851 399)</b>	<b>3 075 422 072</b>	<b>(1 587 212 694)</b>	<b>(3 005)</b>	<b>24 465 311 941</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	84 478 976	-	-	-	-	-	84 478 976
Plant and machinery	54 526 769	3 147 886	-	(391 166)	-	(11 796 848)	45 486 641
Furniture and fixtures	113 984 836	14 589 450	-	(466 436)	-	(31 110 756)	96 997 094
Motor vehicles	301 190 444	38 949 467	-	(11 376 832)	-	(39 881 758)	288 881 321
Electricity infrastructure	4 384 970 805	-	125 860 896	-	(95 667 969)	(341 180 823)	4 073 982 909
Other property (halls, social housing)	1 570 227 469	-	57 471 552	-	48 633 438	(96 922 477)	1 579 409 982
Work in progress (WIP)	4 120 008 872	1 390 508 474	(833 877 018)	-	-	-	4 676 640 328
Recreational facilities	281 709 300	-	9 627 909	-	13 252 405	(39 429 957)	265 159 657
Roads	6 371 017 533	-	421 962 993	-	609 647 707	(784 213 679)	6 618 414 554
Wastewater network	2 374 114 161	-	60 295 840	-	(20 900 488)	(133 377 039)	2 280 132 474
Water network	3 583 810 928	-	92 382 625	-	213 597 340	(248 190 178)	3 641 600 715
Community buildings	1 223 740 126	-	66 275 203	-	44 933 682	(117 155 462)	1 217 793 549
	<b>24 463 780 219</b>	<b>1 447 195 277</b>	<b>-</b>	<b>(12 234 434)</b>	<b>813 496 115</b>	<b>(1 843 258 977)</b>	<b>24 868 978 200</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Controlling entity - 2022

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	84 478 976	-	-	-	-	-	84 478 976
Plant and machinery	60 825 616	5 462 055	-	(30 041)	-	(11 730 861)	54 526 769
Furniture and fixtures	128 358 268	14 762 035	-	(162 411)	-	(28 973 056)	113 984 836
Motor vehicles	323 435 768	15 937 147	-	(172 821)	-	(38 009 650)	301 190 444
Electricity infrastructure	3 924 518 523	-	273 296 803	(428 199)	484 039 399	(296 455 721)	4 384 970 805
Other property (halls, social housing)	1 343 139 888	-	115 700 204	-	195 554 692	(84 167 315)	1 570 227 469
Work in progress (WIP)	3 674 907 141	1 380 887 577	(935 785 846)	-	-	-	4 120 008 872
Recreational facilities	262 348 504	-	3 843 059	-	49 837 163	(34 319 426)	281 709 300
Roads	5 583 941 980	-	286 167 651	-	1 162 686 887	(661 778 985)	6 371 017 533
Wastewater network	2 197 274 440	-	29 074 280	-	266 935 582	(119 170 141)	2 374 114 161
Water network	2 899 620 452	-	187 542 370	-	710 507 423	(213 859 317)	3 583 810 928
Community buildings	1 075 872 011	-	40 161 479	-	205 860 926	(98 154 290)	1 223 740 126
	<b>21 558 721 567</b>	<b>1 417 048 814</b>	<b>-</b>	<b>(793 472)</b>	<b>3 075 422 072</b>	<b>(1 586 618 762)</b>	<b>24 463 780 219</b>

#### Proceeds on disposal of Property, plant and equipment

	2023	2022	2023	2022
Carrying value of Property, plant and equipment	12 234 434	851 399	12 234 434	793 472
Net gain/(loss) on disposal of assets	430 933	528 642	409 343	470 508
	<b>12 665 367</b>	<b>1 380 041</b>	<b>12 643 777</b>	<b>1 263 980</b>

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 50 for committed expenditure.

The values were determined as 30 June 2023 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 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 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.

No assets of the City were pledged as security and there are no restrictions on the assets's title deeds.

The City owns living animals which are used to deliver services. However, the cost of these animals are not material and is recognised as part of Other property, plant and equipment and not separately as per GRAP 110, Living and non-living resources.

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.

<b>WIP Categories</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Buildings	296 912 466	251 991 595	296 912 466	251 991 595
Community facilities	422 208 797	415 408 865	422 208 797	415 408 865
Electricity	115 029 324	51 155 608	115 029 324	51 155 608
Other assets	422 939 851	524 431 677	422 939 851	524 431 677
Roads	2 051 873 178	1 693 880 159	2 051 873 178	1 693 880 159
Sanitation	750 267 850	735 047 722	750 267 850	735 047 722
Water supply	617 408 862	448 093 259	617 408 862	448 093 259
	<b>4 676 640 328</b>	<b>4 120 008 885</b>	<b>4 676 640 328</b>	<b>4 120 008 885</b>

The carrying values of all the projects that are taking significantly longer to complete as shown below are included in PPE Note 4 and under WIP. There has been no impairment loss that has been incurred by the City.

<b>Contract</b>	<b>Delay period</b>	<b>Reasons</b>
BCMM/COO/HM/1315/2013	79 months	Illegal occupation on incomplete houses. National Covid-19 lockdowns..
BCMM/COO/HM/1384/2017	35 months	Late NHBRC approval. Late receipt of subsidy agreement. Contractor cashflow related problems.
BCMM/COO/HM/1299/2013	74 months	Land transfer from Department of Rural Development and Land Reform to BCMM.

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

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 5. Intangible assets

Economic entity	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	43 566 087	(34 523 358)	9 042 729	43 142 941	(32 296 084)	10 846 857

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	38 686 800	(30 381 040)	8 305 760	38 485 598	(28 415 085)	10 070 513

#### Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	10 846 857	423 146	(2 200 918)	(26 356)	9 042 729

#### Reconciliation of intangible assets - Economic entity - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	13 009 711	255 048	(2 417 902)	10 846 857

#### Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	10 070 513	201 202	(1 965 955)	8 305 760

#### Reconciliation of intangible assets - Controlling entity - 2022

	Opening balance	Amortisation	Total
Computer software	11 970 978	(1 900 465)	10 070 513

#### Other information

The City did not have any intangible assets/projects taking significantly longer to complete.

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 City.

None of the City's Intangible assets are restricted and or pledged as a security.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 6. Heritage assets

Economic entity	2023			2022		
	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
<b>Total</b>	<b>50 513 440</b>	<b>-</b>	<b>50 513 440</b>	<b>50 513 440</b>	<b>-</b>	<b>50 513 440</b>

Controlling entity	2023			2022		
	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
<b>Total</b>	<b>50 513 440</b>	<b>-</b>	<b>50 513 440</b>	<b>50 513 440</b>	<b>-</b>	<b>50 513 440</b>

#### Reconciliation of heritage assets Economic entity - 2023

	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
	<b>50 513 440</b>	<b>50 513 440</b>

#### Reconciliation of heritage assets Economic entity - 2022

	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
	<b>50 513 440</b>	<b>50 513 440</b>

#### Reconciliation of heritage assets Controlling entity - 2023

	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
	<b>50 513 440</b>	<b>50 513 440</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 6. Heritage assets (continued)

#### Reconciliation of heritage assets Controlling entity - 2022

	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
	<b>50 513 440</b>	<b>50 513 440</b>

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 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 7. Investment in associates

Name	Jurisdiction	Principal activity	Economic Entity		Controlling Entity	
			Carrying amount 2023	Carrying amount 2022	Carrying amount 2023	Carrying amount 2022
East London Industrial Development Zone (Pty) Ltd		Development of East London's Industrial Development Zone.	686 174 352	706 317 270	686 174 352	706 317 270
% holding			26 %	26 %	26 %	26 %
			686 174 352	706 317 270	686 174 352	706 317 270
			686 174 352	706 317 270	686 174 352	706 317 270

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

#### Movements in carrying amount

Opening balance	706 317 270	676 448 506	706 317 270	676 448 506
Other movement	(20 142 918)	29 868 763	(20 142 918)	29 868 763
	<b>686 174 352</b>	<b>706 317 270</b>	<b>686 174 352</b>	<b>706 317 270</b>

Investment in associate at 30 June 2023 amounted to R686 174 352 (2022: R706 317 270).

#### 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	730 693 321	762 187 183	730 693 321	762 187 183
Total liabilities	(44 518 709)	(55 869 653)	(44 518 709)	(55 869 653)
Total equity	686 174 352	706 317 270	686 174 352	706 317 270
Share in surplus/(deficit) for the year	(20 142 918)	29 868 762	(20 142 918)	29 868 762
Surplus - opening balance	706 317 270	676 448 508	706 317 270	676 448 508

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 2022 to 31 March 2023.

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 2022 - 31 March 2023.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>7. Investment in associates (continued)</b>				
<b>Interests in associates</b>				
<b>Material associates</b>				
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			
<b>Summarised financial information for the associate</b>				
Current assets	294 918 863	292 059 699	294 918 863	292 059 699
Non-current assets	2 515 440 063	2 639 429 465	2 515 440 063	2 639 429 465
Current liabilities	(171 225 804)	(214 883 279)	(171 225 804)	(214 883 279)
Revenue	475 091 045	568 864 498	475 091 045	568 864 498
Expenditure	(550 462 903)	(453 984 460)	(550 462 903)	(453 984 460)
Surplus or (deficit)	(77 472 763)	114 879 858	(77 472 763)	114 879 858
<b>8. Inventories</b>				
Electricity store (Electrical maintenance parts)	21 198 523	17 444 513	21 198 523	17 444 513
Workshop store (Mechanical maintenance parts)	511 756	423 982	511 756	423 982
Water store (Water maintenance parts)	9 660 148	8 536 768	9 660 148	8 536 768
Unsold water (Treated water in pipelines & reservoirs)	7 895 122	7 463 100	7 895 122	7 463 100
General stores (Chiselhurst, Mdantsane, KWT)	11 742 264	10 829 886	11 679 877	10 781 917
	51 007 813	44 698 249	50 945 426	44 650 280
Inventories (write-downs)	(161 416)	(488 477)	(138 990)	(502 895)
	<b>50 846 397</b>	<b>44 209 772</b>	<b>50 806 436</b>	<b>44 147 385</b>
<b>9. Receivables from non-exchange transactions</b>				
Other debtors	28 640 523	23 374 620	28 640 523	23 374 620
Traffic fines	253 081 624	272 165 361	253 081 624	272 165 361
Allowance for impairment - Traffic fines	(216 036 445)	(230 525 193)	(216 036 445)	(230 525 193)
Property rates	11 1 439 493 467	1 284 076 474	11 1 439 493 467	1 284 076 474
Allowance for impairment - Property rates	11 (769 989 168)	(668 085 699)	11 (769 989 168)	(668 085 699)
Other receivables (billing)	11 277 530 200	258 213 095	11 277 530 200	258 213 095
Allowance for impairment - Other receivables (billing)	11 (117 967 696)	(108 963 163)	11 (117 967 696)	(108 963 163)
	<b>894 752 505</b>	<b>830 255 495</b>	<b>894 752 505</b>	<b>830 255 495</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>				
Property rates - Gross	1 439 493 467	1 284 076 474	1 439 493 467	1 284 076 474
Property rates - Impairment	(769 989 168)	(668 085 699)	(769 989 168)	(668 085 699)
Traffic fines - Gross	253 081 624	272 165 361	253 081 624	272 165 361
Traffic fines - Impairment	(216 036 445)	(230 525 193)	(216 036 445)	(230 525 193)
	<b>706 549 478</b>	<b>657 630 943</b>	<b>706 549 478</b>	<b>657 630 943</b>
Financial asset receivables included in receivables from non-exchange transactions above	22 188 203 027	172 624 552	22 188 203 027	172 624 552

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>9. Receivables from non-exchange transactions (continued)</b>				
<b>Total receivables from non-exchange transactions</b>	<b>894 752 505</b>	<b>830 255 495</b>	<b>894 752 505</b>	<b>830 255 495</b>
<b>Traffic fines</b>				
Opening Balance - Total Outstanding Fines (Based on prior 3 years)	272 165 361	261 366 487	272 165 361	261 366 487
Less: Outstanding Fines in respect of prior third year	(66 234 022)	(71 772 208)	(66 234 022)	(71 772 208)
Total Traffic Fines Issued BCMM	67 657 340	100 577 050	67 657 340	100 577 050
Traffic Fines withdrawn, untraceable and uncollectable	(8 999 425)	(5 477 690)	(8 999 425)	(5 477 690)
Traffic Fines Paid	(11 507 630)	(12 528 278)	(11 507 630)	(12 528 278)
Total Outstanding Fines	253 081 624	272 165 361	253 081 624	272 165 361
Impairment (Based on a probability collection factor of approx. 15% - 2023 and 15% - 2022)	(216 036 445)	(230 525 193)	(216 036 445)	(230 525 193)
	<b>37 045 179</b>	<b>41 640 168</b>	<b>37 045 179</b>	<b>41 640 168</b>

### Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due, nor impaired can be assessed by previous payments and collection trends, and any other default information.

### Receivables from non-exchange transactions impaired

As of 30 June 2023, other receivables from non-exchange transactions of R (887 956 866) (2022: R (777 048 864)) were impaired and provided for.

The amount of the contribution to impairment was R(310 827 450) (2022: R(326 154 769))

Amounts totalling R199 919 448 (2022: R79 730 229) were written off as uncollectable against the debt impairment allowance account. This represents 2% (2022: 1%) of the total operating income for the year.

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 40). 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.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity		
	2023	2022 *Restated	2023	2022 *Restated	
<b>9. Receivables from non-exchange transactions (continued)</b>					
<b>Statutory receivable disclosure</b>					
<b>Property rates - Gross ageing</b>					
Current (0 -30 days)	136 593 146	163 152 823	136 593 146	163 152 823	
31 - 60 days	62 139 174	61 079 493	62 139 174	61 079 493	
61 - 90 days	48 966 431	44 986 263	48 966 431	44 986 263	
91 - 120 days	43 441 209	40 179 794	43 441 209	40 179 794	
121 - 365 days	314 575 496	256 328 710	314 575 496	256 328 710	
> 365 days	833 778 010	718 349 391	833 778 010	718 349 391	
	<b>1 439 493 466</b>	<b>1 284 076 474</b>	<b>1 439 493 466</b>	<b>1 284 076 474</b>	
<b>Property rates - Impairment ageing</b>					
Current (0 -30 days)	(73 064 064)	(84 885 963)	(73 064 064)	(84 885 963)	
31 - 60 days	(33 238 422)	(31 778 743)	(33 238 422)	(31 778 743)	
61 - 90 days	(26 192 284)	(23 405 677)	(26 192 284)	(23 405 677)	
91 - 120 days	(23 236 827)	(20 904 943)	(23 236 827)	(20 904 943)	
121 - 365 days	(168 267 332)	(133 363 977)	(168 267 332)	(133 363 977)	
> 365 days	(445 990 240)	(373 746 397)	(445 990 240)	(373 746 397)	
	<b>(769 989 169)</b>	<b>(668 085 700)</b>	<b>(769 989 169)</b>	<b>(668 085 700)</b>	
<b>Property Rates - Consumer debtors past due but not impaired</b>					
Current (0 -30 days)	63 529 082	78 266 860	63 529 082	78 266 860	
31 - 60 days	28 900 752	29 300 750	28 900 752	29 300 750	
61 - 90 days	22 774 147	21 580 586	22 774 147	21 580 586	
91 - 120 days	20 204 382	19 274 851	20 204 382	19 274 851	
121 - 365 days	146 308 165	122 964 733	146 308 165	122 964 733	
> 365 days	387 787 771	344 602 994	387 787 771	344 602 994	
	<b>669 504 299</b>	<b>615 990 774</b>	<b>669 504 299</b>	<b>615 990 774</b>	
The City considers the likelihood of non-payment for each debtor. A debtor is considered either likely to pay, or not. This will result in the entire debt amount outstanding, to be included in the impairment provision, with the exception of those debtors that are identified as being able to settle their debt in full.					
With regards to the recoverability and impairment of traffic fines, the City considers the probability of collecting traffic fines, and determines a % probability collection factor, which is based on a 5-year moving average, which is then applied to the total outstanding fines in order to determine the traffic fine debtor amount. In determining the % probability collection factor, the City also considers the total traffic fines issued, less those fines that are withdrawn, untraceable etc, as well as the fines that are paid.					
<b>10. Receivables from exchange transactions</b>					
Consumer debtors - Electricity - Gross	11	932 239 860	884 254 138	932 239 860	884 254 138
Consumer debtors - Electricity - Impairment	11	(643 563 151)	(576 843 950)	(643 563 151)	(576 843 950)
Consumer debtors - Water - Gross	11	2 281 330 045	2 084 497 157	2 281 330 045	2 084 497 157
Consumer debtors - Water - Impairment	11	(1 691 350 513)	(1 531 063 543)	(1 691 350 513)	(1 531 063 543)
Consumer debtors - Waste water - Gross	11	622 004 048	551 755 073	622 004 048	551 755 073
Consumer debtors - Waste water - Impairment	11	(381 806 506)	(341 921 233)	(381 806 506)	(341 921 233)
Consumer debtors - Refuse - Gross	11	767 203 344	656 886 980	767 203 344	656 886 980
Consumer debtors - Refuse - impairment	11	(433 310 119)	(387 833 143)	(433 310 119)	(387 833 143)
Consumer debtors - Rental debtors - Gross	11	58 985 560	41 209 766	58 985 560	41 209 766
Consumer debtors - Rental debtors - Impairment	11	(30 847 704)	(26 010 339)	(30 847 704)	(26 010 339)
Accrued income		408 831 736	351 483 328	408 831 736	351 483 328
VAT accrual		132 394 179	102 241 091	131 730 293	98 405 454
VAT control		43 779 987	34 444 207	43 752 605	34 336 167
Other debtors		-	-	6 397 352	-
Sundry debtors - BCMDA		1 903 643	2 237 747	-	-
		<b>2 067 794 409</b>	<b>1 845 337 279</b>	<b>2 071 596 850</b>	<b>1 839 155 855</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>10. Receivables from exchange transactions (continued)</b>				
<b>Statutory receivables included in receivables from exchange transactions above are as follows:</b>				
VAT Accrual	131 730 293	98 405 454	131 730 293	98 405 454
VAT Control	43 752 605	34 336 167	43 752 605	34 336 167
<b>Total statutory receivables included above</b>	<b>175 482 898</b>	<b>132 741 621</b>	<b>175 482 898</b>	<b>132 741 621</b>
<b>Total financial asset receivables included above</b>	<b>22 1 892 311 511</b>	<b>1 712 595 658</b>	<b>1 896 113 952</b>	<b>1 706 414 234</b>
<b>Total receivables from exchange transactions</b>	<b>2 067 794 409</b>	<b>1 845 337 279</b>	<b>2 071 596 850</b>	<b>1 839 155 855</b>

### Credit quality of trade and other receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by previous payments and collection trends, and any other default information.

### Trade and other receivables impaired

As of 30 June 2023, trade and other receivables of R (3 180 877 993) (2022: R (2 863 672 208)) were impaired and provided for. The amount of the contribution to impairment was R(688 558 231) (2022: R(1 171 628 494)).

Amounts totalling as of 30 June 2023 R371 352 446 (2022: R250 829 875) were written off as uncollectable against the debt impairment allowance account. This represents 4% (2022: 3%) of the total operating income for the year.

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 40). 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.

In terms of the arrangements to repay rates and services debt as at 30 June 2023, 3 027(2021: 6 350) debtors had active outstanding arrangements to the value of R64 616 188 (2022: R173 504 944). The repayment periods range from 1 month to a maximum of 24 months in terms of the Credit Control Policy.

### 11. Consumer debtors disclosure

#### Gross balances

Consumer debtors - Rates	9	1 439 493 467	1 284 076 474	1 439 493 467	1 284 076 474
Consumer debtors - Electricity	10	932 239 860	884 254 138	932 239 860	884 254 138
Consumer debtors - Water	10	2 281 330 045	2 084 497 157	2 281 330 045	2 084 497 157
Consumer debtors - Waste water	10	622 004 048	551 755 073	622 004 048	551 755 073
Consumer debtors - Refuse	10	767 203 344	656 886 980	767 203 344	656 886 980
Consumer debtors - Rental debtors	10	58 985 560	41 209 766	58 985 560	41 209 766
Consumer debtors - Other receivables (billing)	9	277 530 200	258 213 095	277 530 200	258 213 095
		<b>6 378 786 524</b>	<b>5 760 892 683</b>	<b>6 378 786 524</b>	<b>5 760 892 683</b>

#### Less: Allowance for impairment

Consumer debtors - Rates	9	(769 989 168)	(668 085 699)	(769 989 168)	(668 085 699)
Consumer debtors - Electricity	10	(643 563 151)	(576 843 950)	(643 563 151)	(576 843 950)
Consumer debtors - Water	10	(1 691 350 513)	(1 531 063 543)	(1 691 350 513)	(1 531 063 543)
Consumer debtors - Waste water	10	(381 806 506)	(341 921 233)	(381 806 506)	(341 921 233)
Consumer debtors - Refuse	10	(433 310 119)	(387 833 143)	(433 310 119)	(387 833 143)
Consumer debtors - Rental debtors	10	(30 847 704)	(26 010 339)	(30 847 704)	(26 010 339)
Consumer debtors - Other receivables (billing)	9	(117 967 696)	(108 963 163)	(117 967 696)	(108 963 163)
		<b>(4 068 834 857)</b>	<b>(3 640 721 070)</b>	<b>(4 068 834 857)</b>	<b>(3 640 721 070)</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity		
	2023	2022 *Restated	2023	2022 *Restated	
<b>11. Consumer debtors disclosure (continued)</b>					
<b>Net balance</b>					
Consumer debtors - Rates	9	669 504 299	615 990 775	669 504 299	615 990 775
Consumer debtors - Electricity	10	288 676 709	307 410 188	288 676 709	307 410 188
Consumer debtors - Water	10	589 979 532	553 433 614	589 979 532	553 433 614
Consumer debtors - Waste water	10	240 197 542	209 833 840	240 197 542	209 833 840
Consumer debtors - Refuse	10	333 893 225	269 053 837	333 893 225	269 053 837
Consumer debtors - Rental debtors	10	28 137 856	15 199 427	28 137 856	15 199 427
Consumer debtors - Other receivables (billing)	9	159 562 504	149 249 932	159 562 504	149 249 932
		<b>2 309 951 667</b>	<b>2 120 171 613</b>	<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>					
Consumer debtors - Rates		669 504 299	615 990 775	669 504 299	615 990 775
<b>Financial asset receivables included in consumer debtors above</b>		<b>1 640 447 368</b>	<b>1 504 180 838</b>	<b>1 640 447 368</b>	<b>1 504 180 838</b>
<b>Total consumer debtors</b>		<b>2 309 951 667</b>	<b>2 120 171 613</b>	<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Included in above is receivables from exchange transactions</b>					
Electricity		288 676 709	307 410 188	288 676 709	307 410 188
Water		589 979 532	553 433 614	589 979 532	553 433 614
Waste water		240 197 542	209 833 840	240 197 542	209 833 840
Refuse		333 893 225	269 053 837	333 893 225	269 053 837
Rental debtors		28 137 856	15 199 427	28 137 856	15 199 427
		<b>1 480 884 864</b>	<b>1 354 930 906</b>	<b>1 480 884 864</b>	<b>1 354 930 906</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>					
Rates		669 504 299	615 990 775	669 504 299	615 990 775
Other receivables (billing)		159 562 504	149 249 932	159 562 504	149 249 932
		<b>829 066 803</b>	<b>765 240 707</b>	<b>829 066 803</b>	<b>765 240 707</b>
<b>Net balance</b>		<b>2 309 951 667</b>	<b>2 120 171 613</b>	<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Rates</b>					
Current (0 -30 days)		136 593 146	163 152 823	136 593 146	163 152 823
31 - 60 days		62 139 174	61 079 493	62 139 174	61 079 493
61 - 90 days		48 966 431	44 986 263	48 966 431	44 986 263
91 - 120 days		43 441 209	40 179 794	43 441 209	40 179 794
121 - 365 days		314 575 496	256 328 710	314 575 496	256 328 710
> 365 days		833 778 011	718 349 391	833 778 011	718 349 391
		<b>1 439 493 467</b>	<b>1 284 076 474</b>	<b>1 439 493 467</b>	<b>1 284 076 474</b>
<b>Electricity</b>					
Current (0 -30 days)		278 628 238	303 341 437	278 628 238	303 341 437
31 - 60 days		33 937 954	49 643 160	33 937 954	49 643 160
61 - 90 days		27 367 520	39 066 559	27 367 520	39 066 559
91 - 120 days		23 054 773	31 745 479	23 054 773	31 745 479
121 - 365 days		158 432 650	140 204 796	158 432 650	140 204 796
> 365 days		410 818 725	320 252 707	410 818 725	320 252 707
		<b>932 239 860</b>	<b>884 254 138</b>	<b>932 239 860</b>	<b>884 254 138</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>11. Consumer debtors disclosure (continued)</b>				
<b>Water</b>				
Current (0 -30 days)	156 840 775	160 884 488	156 840 775	160 884 488
31 - 60 days	59 896 714	72 713 825	59 896 714	72 713 825
61 - 90 days	51 125 320	74 764 270	51 125 320	74 764 270
91 - 120 days	48 227 343	118 094 505	48 227 343	118 094 505
121 - 365 days	362 471 586	707 679 246	362 471 586	707 679 246
> 365 days	1 602 768 307	950 360 823	1 602 768 307	950 360 823
	<b>2 281 330 045</b>	<b>2 084 497 157</b>	<b>2 281 330 045</b>	<b>2 084 497 157</b>
<b>Waste water</b>				
Current (0 -30 days)	48 493 875	64 685 937	48 493 875	64 685 937
31 - 60 days	22 113 278	20 030 859	22 113 278	20 030 859
61 - 90 days	17 319 111	15 139 517	17 319 111	15 139 517
91 - 120 days	15 321 237	13 099 912	15 321 237	13 099 912
121 - 365 days	118 322 314	89 519 900	118 322 314	89 519 900
> 365 days	400 434 233	349 278 948	400 434 233	349 278 948
	<b>622 004 048</b>	<b>551 755 073</b>	<b>622 004 048</b>	<b>551 755 073</b>
<b>Refuse</b>				
Current (0 -30 days)	43 175 468	47 905 976	43 175 468	47 905 976
31 - 60 days	22 848 711	21 602 347	22 848 711	21 602 347
61 - 90 days	19 655 782	17 117 739	19 655 782	17 117 739
91 - 120 days	18 100 409	15 378 290	18 100 409	15 378 290
121 - 365 days	146 265 480	115 790 468	146 265 480	115 790 468
> 365 days	517 157 494	439 092 160	517 157 494	439 092 160
	<b>767 203 344</b>	<b>656 886 980</b>	<b>767 203 344</b>	<b>656 886 980</b>
<b>Rental debtors</b>				
Current (0 -30 days)	2 142 877	3 436 340	2 142 877	3 436 340
31 - 60 days	1 381 408	1 766 805	1 381 408	1 766 805
61 - 90 days	1 248 838	1 664 881	1 248 838	1 664 881
91 - 120 days	1 188 706	1 348 845	1 188 706	1 348 845
121 - 365 days	9 355 050	10 048 511	9 355 050	10 048 511
> 365 days	43 668 681	22 944 384	43 668 681	22 944 384
	<b>58 985 560</b>	<b>41 209 766</b>	<b>58 985 560</b>	<b>41 209 766</b>
<b>Other receivables (billing)</b>				
Current (0 -30 days)	11 721 967	10 448 734	11 721 967	10 448 734
31 - 60 days	6 361 345	5 372 251	6 361 345	5 372 251
61 - 90 days	5 623 286	5 062 334	5 623 286	5 062 334
91 - 120 days	5 057 459	4 101 376	5 057 459	4 101 376
121 - 365 days	43 928 885	30 554 086	43 928 885	30 554 086
> 365 days	204 837 258	202 674 314	204 837 258	202 674 314
	<b>277 530 200</b>	<b>258 213 095</b>	<b>277 530 200</b>	<b>258 213 095</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>11. Consumer debtors disclosure (continued)</b>				
<b>Summary of debtors by customer classification</b>				
<b>Consumers</b>				
Current (0 -30 days)	308 630 022	340 433 751	308 630 022	340 433 751
31 - 60 days	139 873 427	151 935 954	139 873 427	151 935 954
61 - 90 days	117 033 364	136 189 217	117 033 364	136 189 217
91 - 120 days	109 180 580	174 109 306	109 180 580	174 109 306
121 - 365 days	852 726 412	1 098 642 525	852 726 412	1 098 642 525
> 365 days	3 366 846 603	2 310 815 384	3 366 846 603	2 310 815 384
	<b>4 894 290 408</b>	<b>4 212 126 137</b>	<b>4 894 290 408</b>	<b>4 212 126 137</b>
Less: Allowance for impairment	<b>(3 162 457 168)</b>	<b>(3 058 526 002)</b>	<b>(3 162 457 168)</b>	<b>(3 058 526 002)</b>
	<b>1 731 833 240</b>	<b>1 153 600 135</b>	<b>1 731 833 240</b>	<b>1 153 600 135</b>
<b>Industrial/ commercial</b>				
Current (0 -30 days)	327 909 710	369 007 753	327 909 710	369 007 753
31 - 60 days	61 707 956	69 000 591	61 707 956	69 000 591
61 - 90 days	50 649 672	56 431 768	50 649 672	56 431 768
91 - 120 days	43 473 807	47 314 645	43 473 807	47 314 645
121 - 365 days	287 115 906	242 428 403	287 115 906	242 428 403
> 365 days	632 562 675	521 373 277	632 562 675	521 373 277
	<b>1 403 419 726</b>	<b>1 305 556 437</b>	<b>1 403 419 726</b>	<b>1 305 556 437</b>
Less: Allowance for impairment	<b>(906 377 689)</b>	<b>(582 195 068)</b>	<b>(906 377 689)</b>	<b>(582 195 068)</b>
	<b>497 042 037</b>	<b>723 361 369</b>	<b>497 042 037</b>	<b>723 361 369</b>
<b>National and provincial government</b>				
Current (0 -30 days)	41 056 614	44 414 231	41 056 614	44 414 231
31 - 60 days	7 097 201	11 272 195	7 097 201	11 272 195
61 - 90 days	3 623 253	5 180 577	3 623 253	5 180 577
91 - 120 days	1 736 748	2 524 251	1 736 748	2 524 251
121 - 365 days	13 509 144	9 054 789	13 509 144	9 054 789
> 365 days	14 297 798	170 764 066	14 297 798	170 764 066
	<b>81 320 758</b>	<b>243 210 109</b>	<b>81 320 758</b>	<b>243 210 109</b>
<b>Total</b>				
Current (0 -30 days)	677 596 346	753 855 735	677 596 346	753 855 735
31 - 60 days	208 678 583	232 208 740	208 678 583	232 208 740
61 - 90 days	171 306 288	197 801 562	171 306 288	197 801 562
91 - 120 days	154 391 135	223 948 202	154 391 135	223 948 202
121 - 365 days	1 153 351 462	1 350 125 717	1 153 351 462	1 350 125 717
> 365 days	4 013 462 712	3 002 952 729	4 013 462 712	3 002 952 729
	<b>6 378 786 526</b>	<b>5 760 892 685</b>	<b>6 378 786 526</b>	<b>5 760 892 685</b>
Less: Allowance for impairment	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>
	<b>2 309 951 667</b>	<b>2 120 171 613</b>	<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Less: Allowance for impairment</b>				
Current (0 -30 days)	(256 474 424)	(461 929 140)	(256 474 424)	(461 929 140)
31 - 60 days	(116 236 121)	(142 287 150)	(116 236 121)	(142 287 150)
61 - 90 days	(97 255 816)	(121 203 967)	(97 255 816)	(121 203 967)
91 - 120 days	(90 730 079)	(137 225 460)	(90 730 079)	(137 225 460)
121 - 365 days	(708 623 593)	(827 296 767)	(708 623 593)	(827 296 767)
> 365 days	(2 799 514 826)	(1 950 778 588)	(2 799 514 826)	(1 950 778 588)
	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>



# Buffalo City Metropolitan Municipality

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Figures in Rand	Economic entity		Controlling entity	
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### 11. Consumer debtors disclosure (continued)

#### Reconciliation of allowance for impairment

Balance at beginning of the year	(3 640 721 072)	(2 473 497 913)	(3 640 721 072)	(2 473 497 913)
Contributions to allowance	(999 385 681)	(1 497 783 263)	(999 385 681)	(1 497 783 263)
Bad debts written off against allowance	571 271 894	330 560 104	571 271 894	330 560 104
	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>

#### Reconciliation of allowance for impairment - Receivables from exchange and non-exchange

Balance at beginning of the year		(3 640 721 072)	(2 473 497 913)	(3 640 721 072)	(2 473 497 913)
Contributions to allowance - Receivable from non-exchange transaction	9	(310 827 450)	(326 154 769)	(310 827 450)	(326 154 769)
Contributions to allowance - Receivable from exchange transaction	10	(688 558 231)	(1 171 628 494)	(688 558 231)	(1 171 628 494)
Bad debts written off - Receivable from non-exchange transaction	9	199 919 448	79 730 229	199 919 448	79 730 229
Bad debts written off - Receivable from exchange transaction	10	371 352 446	250 829 875	371 352 446	250 829 875
		<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>	<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>

Contribution of allowance for impairment - Receivable from non-exchange transaction includes VAT of R(11 745 972) : 2022: R(10 718 912) , amount recognised in Statement of Financial Performance is R299 081 478 : 2022: R315 435 857 Refer to note 40

Contribution of allowance for impairment - Receivable from exchange transaction includes VAT of R(89 811 943) : 2022: R(148 557 936) , amount recognised in Statement of Financial Performance is R598 746 287 : 2022: R1 023 070 558 Refer to note 40

Credit quality of consumer debtors

In determining the recoverability of a receivable, the entity considers any change in the credit quality of the receivable from the date on which the credit was initially granted, up to the reporting date. The concentration of credit risk is limited but take into consideration the repayments trends and collection rate, as the consumer base is large and unrelated. Accordingly, management believes that further credit provision is required in excess of the present allowance for doubtful debts.

#### Consumer debtors past due but not impaired

Current (0 -30 days)	421 121 923	291 926 595	421 121 923	291 926 595
31 - 60 days	92 442 463	89 921 590	92 442 463	89 921 590
61 - 90 days	74 050 473	76 597 595	74 050 473	76 597 595
91 - 120 days	63 661 056	86 722 742	63 661 056	86 722 742
121 - 365 days	444 727 869	522 828 950	444 727 869	522 828 950
> 365 days	1 214 192 250	1 052 174 139	1 214 192 250	1 052 174 139
	<b>2 310 196 034</b>	<b>2 120 171 611</b>	<b>2 310 196 034</b>	<b>2 120 171 611</b>

#### The ageing of consumer debts impaired

Current (0 -30 days)	256 474 424	461 929 140	256 474 424	461 929 140
31 - 60 days	116 236 121	142 287 150	116 236 121	142 287 150
61 - 90 days	97 255 816	121 203 967	97 255 816	121 203 967
91 - 120 days	90 730 079	137 225 460	90 730 079	137 225 460
121 - 365 days	708 623 593	827 296 767	708 623 593	827 296 767
> 365 days	2 799 514 826	1 950 778 588	2 799 514 826	1 950 778 588
	<b>4 068 834 859</b>	<b>3 640 721 072</b>	<b>4 068 834 859</b>	<b>3 640 721 072</b>

The City hold deposits as security in respect of consumable services.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	94 057	90 222	94 032	86 832
Bank balances	133 546 912	117 609 355	113 560 363	100 379 409
Short-term deposits	546 334 028	579 757 238	546 334 028	576 557 238
	<b>679 974 997</b>	<b>697 456 815</b>	<b>659 988 423</b>	<b>677 023 479</b>

### Allocation of external investments (call and short-term deposits)

BCMET	4 097 468	3 837 871	4 097 468	3 837 871
Own funding (operating account commitments)	542 236 560	575 919 367	542 236 560	572 719 367
	<b>546 334 028</b>	<b>579 757 238</b>	<b>546 334 028</b>	<b>576 557 238</b>

### Call and short-term deposits per institution

Absa (interest rate range 5.30% - 7.55%   2022: 3.55% - 4.35%)	96 450 584	151 106 674	96 450 584	151 106 674
Nedbank (interest rate range 5.30% - 9.21%   2022: 3.30% - 5.35%)	136 710 035	132 430 484	136 710 035	129 230 484
FNB (interest rate range 5.30% - 9.03%   2022: 3.85% - 5.49%)	146 229 042	141 258 781	146 229 042	141 258 781
RMB (interest rate range 0   2022: 3.30% - 3.63%)	-	23 994 138	-	23 994 138
Standard Bank (interest rate range 6.66% - 9.00%   2022: 3.30% - 5.20%)	118 327 146	120 879 697	118 327 146	120 879 697
Stanlib (interest rate range 7.78% - 7.78%   2022: 4.01% - 4.69%)	44 519 753	6 249 593	44 519 753	6 249 593
BCMET: Absa - Standard Bank (interest rate range 5.30% - 9.00%   2022 3.30% - 5.20%)	4 097 468	3 837 871	4 097 468	3 837 871
	<b>546 334 028</b>	<b>579 757 238</b>	<b>546 334 028</b>	<b>576 557 238</b>

There is a significant rise in interest rates between the 2022 and 2023 financial years due to constant interest rates hikes 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 Municipality in respect of the Department of Labour for COID amounts to R23 828 947 (2022: R19 095 841)

Refer to note 29 for interest earned on bank and call deposits.

### The entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
STANDARD BANK - Primary Account - 081-166-702	98 200 640	125 512 842	(173 110 285)	(190 835 642)
STANDARD BANK - Market Account - 081-167-873	4 181 974	634 330	2 320 856	2 630 506
STANDARD BANK - Prism Account - 081-167-776	-	-	284 349 792	288 584 545
STANDARD BANK - Imprest Account 081-168-098	274	-	-	-
First National Bank - Public Sector Cheque Account - 620-9871-7899	1 535 629	1 381 147	1 535 629	1 381 146
First National Bank - Commercial Money market Account - 620-9871-9358	18 008 837	4 806 233	18 008 837	4 806 233
First National Bank - Public Sector Cheque Account - 629-0192-1983	442 083	11 042 567	442 083	11 042 567
<b>Total</b>	<b>122 369 437</b>	<b>143 377 119</b>	<b>133 546 912</b>	<b>117 609 355</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 13. Prepayments

There were no prepayments for the 2022/23 financial year. The prepayment in the prior year related to office space rental invoice that was received in June 2022, however dated 01 July 2022. The invoice was erroneously accounted for in June 2022 and paid at 30 June 2022.

Prepayments	-	104 436	-	-
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### 14. Revaluation reserve

Opening balance	14 709 129 236	11 628 507 082	14 709 129 236	11 628 507 082
Change during the year	813 496 115	3 080 622 154	813 496 115	3 080 622 154
	<b>15 522 625 351</b>	<b>14 709 129 236</b>	<b>15 522 625 351</b>	<b>14 709 129 236</b>

### 15. Operating lease liability

Current liabilities	89 315	68 368	-	-
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The Agency entered into lease agreements for its two multifunctional printers and office space. GRAP 3 requires straightlining of the lease payments over the duration of the lease term. The lease for the office space has an escalation clause of 7% per annum and 9% in the two subsequent years. The above operating lease accrual is therefore as a result of adhering with the standard.

### 16. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Balance at the beginning of the year	854 876 000	787 215 000	854 876 000	787 215 000
Current service cost	49 751 000	53 883 000	49 751 000	53 883 000
Interest cost	100 751 000	95 299 000	100 751 000	95 299 000
Actual employer benefit payments	(29 148 000)	(52 874 000)	(29 148 000)	(52 874 000)
Actuarial loss/(gain) recognised in the year	(201 511 000)	(28 647 000)	(201 511 000)	(28 647 000)
	<b>774 719 000</b>	<b>854 876 000</b>	<b>774 719 000</b>	<b>854 876 000</b>

Non-current liabilities	(715 349 000)	(825 728 000)	(715 349 000)	(825 728 000)
Current liabilities	(59 370 000)	(29 148 000)	(59 370 000)	(29 148 000)

<b>Net liability</b>	<b>(774 719 000)</b>	<b>(854 876 000)</b>	<b>(774 719 000)</b>	<b>(854 876 000)</b>
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#### Net costs

Current service cost	49 751 000	53 883 000	49 751 000	53 883 000
Interest cost	100 751 000	95 299 000	100 751 000	95 299 000
Actual employer benefit payments	(29 148 000)	(52 874 000)	(29 148 000)	(52 874 000)
Actuarial loss/(gains) recognised in the year	(201 511 000)	(28 647 000)	(201 511 000)	(28 647 000)
<b>Net costs per Statement of Financial Performance</b>	<b>(80 157 000)</b>	<b>67 661 000</b>	<b>(80 157 000)</b>	<b>67 661 000</b>

#### Post-retirement medical contribution amounts recognised in the statement of financial position

Balance at the beginning of the year	533 475 000	512 157 000	533 475 000	512 157 000
Current service cost	22 208 000	28 544 000	22 208 000	28 544 000
Interest costs	63 160 000	66 249 000	63 160 000	66 249 000
Actual employer benefit payments	(20 881 000)	(20 422 000)	(20 881 000)	(20 422 000)
Actuarial loss/(gain) recognised in the year	(86 291 000)	(53 053 000)	(86 291 000)	(53 053 000)
<b>Net costs per Statement of Financial Position</b>	<b>511 671 000</b>	<b>533 475 000</b>	<b>511 671 000</b>	<b>533 475 000</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>16. Employee benefit obligations (continued)</b>				
<b>Post-retirement medical contribution - Net cost</b>				
Current service cost	22 208 000	28 544 000	22 208 000	28 544 000
Interest costs	63 160 000	66 249 000	63 160 000	66 249 000
Actual employer benefit payments	(20 881 000)	(20 422 000)	(20 881 000)	(20 422 000)
Actuarial loss/(gains) recognised in the year	(86 291 000)	(53 053 000)	(86 291 000)	(53 053 000)
	<b>(21 804 000)</b>	<b>21 318 000</b>	<b>(21 804 000)</b>	<b>21 318 000</b>

The best estimates for the employer benefit payments in the 2023/24 financial period is expected to be R20 496 000 (The actual employer benefit payments in the 2022/23 financial period was R20 881 000).

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 ARCH Actuarial Consulting using the Projected Unit Credit 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.

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.74 %	11.82 %	12.74 %	11.82 %
Health care cost inflation rate	8.08 %	9.52 %	8.08 %	9.52 %
Net-of-health-care-cost-inflation discount rate	4.06 %	2.10 %	4.06 %	2.10 %
Maximum subsidy inflation rate	5.69 %	6.01 %	5.69 %	6.01 %
Net-of-maximum-subsidy-inflation discount rate	6.42 %	5.48 %	6.42 %	5.48 %
Continuation of membership at retirement	75.00 %	75.00 %	75.00 %	75.00 %
Proportion with a spouse dependent at retirement	60.00 %	90.00 %	60.00 %	90.00 %
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	10.00 %	- %	10.00 %	- %
Average retirement age	62	62	62	62
Mortality during employment	SA 85-90	SA 85-90	SA 85-90	SA 85-90
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	PA(90)	PA(90) -1 with a 1% mortality improvement p.a. from 2010	PA(90)

### Comparison of in-service statistics

Total number of eligible employees	5 234	-	5 234	-
Number of in-service members	3 388	3 517	3 388	3 517
Average age	46.3	46.4	46.3	46.4
Average past service	13.2	13.6	13.2	13.6
Average current value of post-employment subsidy p.m.	R 2 820	R 2 210	R 2 820	R 2 210
Number of in-service non-members	1 846	0% rate assumed	1 846	0% rate assumed
Average age	47	0% rate assumed	46.7	0% rate assumed
Average past service	12	0% rate assumed	11.7	0% rate assumed
Average current value of post-employment subsidy p.m.	R 2 844	0% rate assumed	R 2 844	0% rate assumed

### Continuation members

Number of principal members	474	496	474	496
Proportion with a spouse dependent	38%	38%	38%	38%
Average age of members	73.0	73.6	73.0	73.6
Average subsidy per month	R 3 554	R 3 170	R 3 554	R 3 170

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### 16. Employee benefit obligations (continued)

#### Sensitivity Results

The liability at the Valuation Date was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed rate of health care cost inflation;
- a one percentage point increase and decrease in the discount rate;
- a one-year age increase and decrease in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age; and
- a decrease of ten percentage points in the assumed proportion of in-service members that remain members at retirement.

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	Eligible Employees	Continuation Members	Total	% change
Central assumptions		314.753	196.918	511.671	
Health care inflation rate	+1%	343.656	208.926	552.582	8%
	-1%	280.242	184.746	464.988	-9%
Discount rate	+1%	270.561	183.112	453.673	-11%
	-1%	369.875	212.820	582.695	14%
Post-employment mortality	+1 yr	307.821	190.405	498.226	-3%
	-1 yr	321.513	203.445	524.958	3%
Average retirement age	-1 yr	349.183	196.918	546.101	7%
Membership continuation	-10%	272.790	196.918	469.708	-8%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		22 208 000	63 160 000	85 368 000	
Health care inflation rate	+1%	23 597 000	66 506 000	90 103 000	6%
	-1%	20 279 000	58 851 000	79 130 000	-7%
Discount rate	+1%	21 771 000	67 611 000	89 382 000	5%
	-1%	22 633 000	58 546 000	81 179 000	-5%
Mortality rates	x1.2	20 754 000	59 054 000	79 808 000	-7%
	x0.8	23 898 000	68 050 000	91 948 000	8%
Average retirement age	-1 yr	23 416 000	67 797 000	91 213 000	7%
Membership continuation	-10%	19 247 000	57 691 000	76 938 000	-10%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		21 896 000	62 565 000	84 461 000	
Health care inflation rate	+1%	24 124 000	67 661 000	91 785 000	9%
	-1%	19 185 000	56 749 000	75 934 000	-10%
Discount rate	+1%	18 622 000	59 773 000	78 395 000	-7%
	-1%	26 025 000	65 692 000	91 717 000	9%
Post-employment mortality	+1 yr	21 416 000	60 891 000	82 307 000	-3%
	-1 yr	22 363 000	64 219 000	86 582 000	3%
Average retirement age	-1 yr	23 372 000	66 858 000	90 230 000	7%
Membership continuation	-10%	18 980 000	57 332 000	76 312 000	-10%

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	2023	2022 *Restated	2023	2022 *Restated

### 16. Employee benefit obligations (continued)

#### History of Liabilities, Assets and Experience Adjustments (R millions)

The table below summarises the accrued liabilities and the plan assets for the current period and previous periods.

Liability history	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
Accrued liability	511.869	454.831	512.157	533.474	511.671
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
<b>(Deficit)</b>	<b>-511.869</b>	<b>-454.831</b>	<b>-512.157</b>	<b>-533.475</b>	<b>-511.671</b>

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 30/06/2019	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023
Liabilities: (Gain) / Loss	(3.964)	(12.365)	55.349	50.570	(1.671)
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

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 16. Employee benefit obligations (continued)

#### Long service awards amounts recognised in the statement of financial position

Balance at the beginning of the year	321 401 000	275 058 000	321 401 000	275 058 000
Current service cost	27 543 000	25 339 000	27 543 000	25 339 000
Interest cost	37 591 000	29 050 000	37 591 000	29 050 000
Actual employer benefit payments	(8 267 000)	(32 452 000)	(8 267 000)	(32 452 000)
Actuarial loss recognised in the year	(115 220 000)	24 406 000	(115 220 000)	24 406 000
	<b>263 048 000</b>	<b>321 401 000</b>	<b>263 048 000</b>	<b>321 401 000</b>

#### Long service awards - Net cost

Current service cost	27 543 000	25 339 000	27 543 000	25 339 000
Interest costs	37 591 000	29 050 000	37 591 000	29 050 000
Employer benefits vesting	(8 267 000)	(32 452 000)	(8 267 000)	(32 452 000)
Actuarial losses recognised in the year	(115 220 000)	24 406 000	(115 220 000)	24 406 000
	<b>(58 353 000)</b>	<b>46 343 000</b>	<b>(58 353 000)</b>	<b>46 343 000</b>

#### 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.

These interest rates are obtained by first calculating the implied duration of the liabilities and then taking the interest rates that correspond to this implied duration off the yield curves. The implied duration of the liabilities is calculated to be 6.14 years.

#### Assumptions used at the reporting date:

Discount rate	11.08 %	10.52 %	11.08	10.52 %
Normal salary increase rate	6.44 %	8.45 %	6.44	8.45 %
Net effective discount rate	4.36 %	1.91 %	4.36	1.91 %

#### Sensitivity analysis

The liability at the Valuation Date was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed general earnings inflation rate;
- a one percentage point increase and decrease in the discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		263 048 000	
General earnings inflation rate	+1%	276 011 000	5%
	-1%	251 125 000	-5%
Discount rate	+1%	249 698 000	-5%
	-1%	277 805 000	6%
Average retirement age	+2 yrs	291 043 000	11%
	-2 yrs	234 391 000	-11%
Withdrawal rates	x2	218 001 000	-17%
	x0.5	292 604 000	11%

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	2023	2022 *Restated	2023	2022 *Restated

### 16. Employee benefit obligations (continued)

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		27 543 000	37 591 000	65 134 000	
General earnings inflation rate	+1%	29 407 000	39 893 000	69 300 000	6%
	-1%	25 853 000	35 482 000	61 335 000	-6%
Discount rate	+1%	25 830 000	35 112 000	60 942 000	-6%
	-1%	29 400 000	39 689 000	69 089 000	6%
Average retirement age	+2 yrs	31 099 000	45 215 000	76 314 000	17%
	-2 yrs	24 295 000	31 197 000	55 492 000	-15%
Withdrawal rates	x1.2	26 285 000	36 218 000	62 503 000	-4%
	x0.8	28 915 000	39 070 000	67 985 000	4%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		23 513 000	27 042 000	50 555 000	
General earnings inflation rate	+1%	24 935 000	28 478 000	53 413 000	6%
	-1%	22 217 000	25 721 000	47 938 000	-5%
Discount rate	+1%	22 281 000	27 876 000	50 157 000	-1%
	-1%	24 884 000	26 084 000	50 968 000	1%
Average retirement age	+2 yrs	25 575 000	30 098 000	55 673 000	10%
	-2 yrs	21 350 000	23 935 000	45 285 000	-10%
Withdrawal rates	x2	18 300 000	22 085 000	40 385 000	-20%
	x0.5	27 110 000	30 300 000	57 410 000	14%



# Buffalo City Metropolitan Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 16. Employee benefit obligations (continued)

#### History of Liabilities, Assets and Experience Adjustments (R Millions)

The table below summarises the accrued liabilities and the plan assets for the current period and the previous four periods.

Liability history	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
Accrued liability	216.947	229.986	275.058	321.401	263.048
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
<b>(Deficit)</b>	<b>(216.947)</b>	<b>(229.986)</b>	<b>(275.058)</b>	<b>(321.401)</b>	<b>(263.048)</b>

The table below summarises the experience adjustments for the current and previous four periods. 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	Year ending 30/06/2022	Year ending 30/06/2023
Liabilities: (Gain) / Loss	12.628	18.797	5.198	25.383	(78.428)
Assets: Gain / (Loss)	0.000	0.000	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. Buffalo City Metropolitan Development Agency has during the financial year made contributions to a Defined Contribution Plan, wherein the fixed contributions are paid on a monthly basis to the fund.

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

The amount recognised as an expense for defined contribution plans is	2 049 342	1 791 473	-	-
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# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

National Government Grants	11 480 457	54 981 344	10 126 655	45 801 542
Provincial Government Grants	6 763 755	6 448 309	6 763 755	6 448 309
Other Conditional Grants	1 808 826	1 701 676	1 808 826	1 701 676
Administrative Grants	235 125 652	220 354 013	235 125 652	220 354 013
	<b>255 178 690</b>	<b>283 485 342</b>	<b>253 824 888</b>	<b>274 305 540</b>

National Government	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Financial Management Grant (FMG)	71	1 000 000	(965 682)	(20 691)	(13 115)	583
Neighbourhood Development Partnership Grant (NDPG)	2 099	14 581 000	-	(13 314 834)	(1 253 236)	15 028
Neighbourhood Development Partnership Grant (NDP) PEP	18 192 086	21 000 000	(26 086 488)	-	(3 264 241)	9 841 358
Programme and Project Preparation Support Grant (PPPSG)	198	13 776 000	(13 524 169)	-	(251 312)	717
Electricity Demand: Side Management Grant (EDSM)	3 101	-	-	-	(3 101)	-
Urban Settlement Development Grant (USDG)	21 795 343	496 166 000	(43 246 590)	(444 882 573)	(29 832 115)	65
Expanded Public Works Programme (EPWP)	96	10 728 000	(10 727 111)	-	-	985
Informal Settlements Upgrading Partnership Grant (ISUPG)	3 469 073	282 122 000	(15 765 543)	(237 899 388)	(31 925 538)	604
Infrastructure Skills Development Grant (ISDG)	2 185 582	11 750 000	(11 350 057)	(150 000)	(2 322 103)	113 422
Public Transport Network Grant (PTNG)	153 893	-	-	-	-	153 893
DEA - Waste Management Conditional grant - BCMDA	3 020	-	(3 020)	-	-	-
NDPG - Integrated Waste Management Grant - BCMDA	9 176 782	232 672	(329 172)	-	(7 726 480)	1 353 802
<b>Total</b>	<b>54 981 344</b>	<b>851 355 672</b>	<b>(121 997 833)</b>	<b>(696 267 486)</b>	<b>(76 591 241)</b>	<b>11 480 457</b>

Provincial Government	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission	1 348 776	2 708 922	-	-	(2 617 685)	1 440 013
Gompo Survey (DVRI Hydroponics)	98 532	-	-	-	-	98 532
Gompo & Mdantsane Art Centres (DVRI Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268 793	-	-	-	-	268 793
Reeston Development - Land Affairs	200 114	13 593	-	-	-	213 707
Mdantsane Urban Renewal Project (Mount Ruth Node)	3 113 705	210 616	-	-	-	3 324 321
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288
Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
<b>Total</b>	<b>6 448 309</b>	<b>2 933 131</b>	<b>-</b>	<b>-</b>	<b>(2 617 685)</b>	<b>6 763 755</b>

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 17. Unspent conditional grants and receipts (continued)

Other Conditional Grants	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Buffalo City Metro Transport (BCMET) Funding	2 953	-	-	-	-	2 953
Friends of East London Zoo (Felzoo)	248 026	-	-	-	-	248 026
SALAIIDA (Gavle)	166 063	21 388	(156 092)	-	-	31 359
Leiden	90 778	6 429	-	-	-	97 207
Umsobomvu Youth Fund	301 442	23 213	-	-	-	324 655
City of Oldenburg	892 414	212 212	-	-	-	1 104 626
<b>Total</b>	<b>1 701 676</b>	<b>263 241</b>	<b>(156 092)</b>	-	-	<b>1 808 826</b>

Administrative Grant	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Land Affairs - West Bank	119 481 006	6 979 771	-	-	-	126 460 777
Land Affairs - East Bank	100 873 007	7 791 868	-	-	-	108 664 875
<b>Total</b>	<b>220 354 013</b>	<b>14 771 640</b>	-	-	-	<b>235 125 652</b>

National Government (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Financial Management Grant(FMG)	50	1 000 000	(923 979)	(76 000)	-	71
Neighbourhood Development Partnership Grant (NDPG)	19 168	13 000 000	-	(11 947 988)	(1 069 081)	2 099
Neighbourhood Development Partnership Grant (NDP) PEP	-	20 581 000	(2 388 914)	-	-	18 192 086
Programme and Project Preparation Support Grant(PPPSG)	-	8 941 000	(8 151 678)	-	(789 124)	198
Electricity Demand: Side Management Grant (EDSM)	273	9 000 000	-	(8 997 172)	-	3 101
Urban Settlement Development Grant (USDG)	32 884 870	499 705 000	(44 421 546)	(393 977 516)	(72 395 465)	21 795 343
Expanded Public Works Programme (EPWP)	87	7 300 000	(7 299 991)	-	-	96
Informal Settlements Upgrading Partnership Grant (ISUPG)	-	238 258 000	(4 114 479)	(212 952 082)	(17 722 366)	3 469 073
Integrated City Development Grant (ICDG)	5 332 549	-	-	-	(5 332 549)	-
Infrastructure Skills Development Grant (ISDG)	3 547 105	10 500 000	(8 118 039)	(118 675)	(3 624 809)	2 185 582
Public Transport Network Grant(PTNG)	153 893	-	-	-	-	153 893
DEA - Waste Management Conditional grant - BCMDA	71 030	629	(68 639)	-	-	3 020
NDPG - Integrated Waste Management Grant - BCMDA	2 234 239	12 712 473	(4 556 863)	-	(1 213 067)	9 176 782
<b>Total</b>	<b>44 243 264</b>	<b>820 998 102</b>	<b>(80 044 128)</b>	<b>(628 069 433)</b>	<b>(102 146 461)</b>	<b>54 981 344</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 17. Unspent conditional grants and receipts (continued)

Provincial Government (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission	1 300 070	1 261 771	-	-	(1 213 065)	1 348 776
Gompo Survey (DVRI Hydroponics)	98 532	-	-	-	-	98 532
Gompo & Mdantsane Art Centres(DVRI Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268 793	-	-	-	-	268 793
Reeston Development - LandAffairs	192 858	7 256	-	-	-	200 114
Mdantsane Urban Renewal Project (Mount Ruth Node)	3 001 268	112 437	-	-	-	3 113 705
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288
Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
<b>Total</b>	<b>6 279 910</b>	<b>1 381 464</b>	-	-	<b>(1 213 065)</b>	<b>6 448 309</b>

Other Conditional Grants (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Buffalo City Metro Transport(BCMET) Funding	487 499	-	-	(484 546)	-	2 953
Friends of East London Zoo(Felzoo)	248 026	-	-	-	-	248 026
SALAJA (Gavle)	337 786	19 360	(191 083)	-	-	166 063
Leiden	87 347	3 431	-	-	-	90 778
Umsobomvu Youth Fund	289 050	12 392	-	-	-	301 442
City of Oldenburg	860 189	32 225	-	-	-	892 414
<b>Total</b>	<b>2 309 897</b>	<b>67 408</b>	<b>(191 083)</b>	<b>(484 546)</b>	-	<b>1 701 676</b>

Administrative Grant (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Land Affairs - West Bank	115 215 548	4 265 458	-	-	-	119 481 006
Land Affairs - East Bank	98 955 291	1 917 716	-	-	-	100 873 007
<b>Total</b>	<b>214 170 839</b>	<b>6 183 174</b>	-	-	-	<b>220 354 013</b>

Though an amount of R255 178 690 is reported as unspent conditional grants, this figure includes the following:

- An amount of R235 125 652 of the unspent conditional grants relates to land affairs grants which BCMM administers on behalf of the Department of Land Affairs and which have not been spent due to slow progress in the restitution processes. BCMM has no control on the spending or use of this funding.

Other balances relate to ring fenced trust funding projects.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>18. Borrowings</b>				
<b>At amortised cost</b>				
Annuity loans	138 853 808	187 994 371	138 853 808	187 994 371
<b>Non-current liabilities</b>				
At amortised cost	88 696 244	138 853 808	88 696 244	138 853 808
<b>Current liabilities</b>				
At amortised cost	50 157 564	49 140 563	50 157 564	49 140 563

The entity did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the borrowings were re-negotiated.

Average interest rate is 8.35% (2022: 8.77%). Refer to note 38 for interest paid on borrowings.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 19. Provisions

#### Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Provisions - Retentions	13 426 587	945 097	(68 625)	-	14 303 059
Landfill sites	417 564 615	183 128	-	-	417 747 743
Bonus provision	60 942 071	58 206 753	(60 108 752)	152 986	59 193 058
	<b>491 933 273</b>	<b>59 334 978</b>	<b>(60 177 377)</b>	<b>152 986</b>	<b>491 243 860</b>

#### Reconciliation of provisions - Economic entity - 2022

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Provisions - Retentions	6 384 860	7 041 727	-	-	13 426 587
Landfill sites	365 526 866	52 037 749	-	-	417 564 615
Bonus provision	60 723 976	60 291 299	(55 594 076)	(4 479 128)	60 942 071
Provision - EL IDZ Defects	255 754	-	(255 754)	-	-
	<b>432 891 456</b>	<b>119 370 775</b>	<b>(55 849 830)</b>	<b>(4 479 128)</b>	<b>491 933 273</b>

#### Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Landfill sites	417 564 615	183 128	-	-	417 747 743
Bonus provision	59 304 994	58 206 753	(59 457 980)	152 986	58 206 753
	<b>476 869 609</b>	<b>58 389 881</b>	<b>(59 457 980)</b>	<b>152 986</b>	<b>475 954 496</b>

#### Reconciliation of provisions - Controlling entity - 2022

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Landfill sites	365 526 866	52 037 749	-	-	417 564 615
Bonus provision	59 391 159	59 304 994	(54 912 031)	(4 479 128)	59 304 994
	<b>424 918 025</b>	<b>111 342 743</b>	<b>(54 912 031)</b>	<b>(4 479 128)</b>	<b>476 869 609</b>

Non-current liabilities	94 320 191	112 509 556	89 746 342	99 082 969
Current liabilities	396 923 669	379 423 717	386 208 154	377 786 640
	<b>491 243 860</b>	<b>491 933 273</b>	<b>475 954 496</b>	<b>476 869 609</b>

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.

#### Assumptions used

- Interest rate used is BCM's borrowing rate at 8.35% (2022: 8.77%).
- The valuation for the landfill site provision in 2023 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 35: Employee related costs.

The retention provision represents the monies withheld from contractors invoices for the construction of Water World and Court Crescent recreational parks.

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity		
	2023	2022 *Restated	2023	2022 *Restated	
<b>20. Trade payables from exchange transactions</b>					
Trade payables	22	1 025 013 453	711 286 526	1 024 533 963	727 070 004
Payments received in advanced	22	458 557 736	425 328 020	458 557 736	425 328 020
Retention monies	22	88 237 050	71 367 081	88 237 050	71 367 081
Accrued leave pay	22	130 188 029	131 370 112	130 188 029	131 370 112
Deposits received	22	6 719 659	6 517 946	6 719 659	6 517 946
Other creditors	22	98 632 721	106 947 681	96 229 961	105 004 425
VAT accrual		71 180 569	131 964 111	71 084 046	128 789 546
		<b>1 878 529 217</b>	<b>1 584 781 477</b>	<b>1 875 550 444</b>	<b>1 595 447 134</b>

### 21. VAT receivable

VAT accrual - creditors	10	132 394 179	102 241 091	131 730 293	98 405 454
VAT control	10	43 779 987	34 444 207	43 752 605	34 336 167
VAT accrual - debtors	20	(71 180 569)	(131 964 111)	(71 084 046)	(128 789 546)
		<b>104 993 597</b>	<b>4 721 187</b>	<b>104 398 852</b>	<b>3 952 075</b>

The above VAT receivable amount is the net amount of total VAT input R722 538 863 (June 2022: R589 789 602) less total VAT output R708 317 977 (June 2022: R753 290 388).

VAT Output includes VAT on impaired debtors of R90 772 711 (2022: R168 236 731).

VAT on impaired debtors		90 772 711	168 236 731	90 772 711	168 236 731
Output VAT		(708 317 977)	(753 290 388)	(708 245 518)	(750 115 823)
		(617 545 266)	(585 053 657)	(617 472 807)	(581 879 092)
Input VAT		722 538 863	589 789 602	721 871 659	585 831 167
		<b>104 993 597</b>	<b>4 735 945</b>	<b>104 398 852</b>	<b>3 952 075</b>

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. Financial instruments disclosure

#### Categories of financial instruments

##### Economic entity - 2023

#### Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	188 203 027	188 203 027
Trade and other receivables from exchange transactions	10	1 892 311 511	1 892 311 511
Cash and cash equivalents	12	679 974 997	679 974 997
		<b>2 760 489 535</b>	<b>2 760 489 535</b>

#### Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	458 557 736	458 557 736
Borrowings: Other financial liabilities	18	-	138 853 808	138 853 808
Trade and other payables from exchange transactions	20	-	1 211 883 224	1 211 883 224
Consumer deposits	23	83 616 487	-	83 616 487
Other deposits	20	6 719 659	-	6 719 659
		<b>90 336 146</b>	<b>1 809 294 768</b>	<b>1 899 630 914</b>

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	2023	2022 *Restated	2023	2022 *Restated

### 22. Financial instruments disclosure (continued)

#### Economic entity - 2022

##### Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	172 624 552	172 624 552
Trade and other receivables from exchange transactions	10	1 712 595 658	1 712 595 658
Cash and cash equivalents	12	697 456 815	697 456 815
		<b>2 582 677 025</b>	<b>2 582 677 025</b>

##### Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	425 328 020	425 328 020
Borrowings: Other financial liabilities	18	-	187 994 371	187 994 371
Trade and other payables from exchange transactions	20	-	889 601 288	889 601 288
Consumer deposits	23	79 793 423	-	79 793 423
Other deposits	20	6 517 946	-	6 517 946
		<b>86 311 369</b>	<b>1 502 923 679</b>	<b>1 589 235 048</b>

#### Controlling entity - 2023

##### Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	188 203 027	188 203 027
Trade and other receivables from exchange transactions	10	1 896 113 952	1 896 113 952
Cash and cash equivalents	12	659 988 423	659 988 423
		<b>2 744 305 402</b>	<b>2 744 305 402</b>

##### Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	458 557 736	458 557 736
Borrowings: Other financial liabilities	18	-	138 853 808	138 853 808
Trade and other payables from exchange transactions	20	-	1 209 000 974	1 209 000 974
Consumer deposits	23	83 616 487	-	83 616 487
Other deposits	20	6 719 659	-	6 719 659
		<b>90 336 146</b>	<b>1 806 412 518</b>	<b>1 896 748 664</b>

#### Controlling entity - 2022

##### Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	172 624 552	172 624 552
Trade and other receivables from exchange transactions	10	1 706 414 234	1 706 414 234
Cash and cash equivalents	12	677 023 479	677 023 479
		<b>2 556 062 265</b>	<b>2 556 062 265</b>



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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 22. Financial instruments disclosure (continued)

#### Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	425 328 020	425 328 020
Borrowings: Other financial liabilities	18	-	187 994 371	187 994 371
Trade and other payables from exchange transactions	20	-	903 441 510	903 441 510
Consumer deposits	23	79 793 423	-	79 793 423
Other deposits	20	6 517 946	-	6 517 946
		<b>86 311 369</b>	<b>1 516 763 901</b>	<b>1 603 075 270</b>

#### Financial instruments in Statement of financial performance

##### Economic entity - 2023

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	29	262 739 040	262 739 040
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	38	(16 075 060)	(16 075 060)
Impairment loss	40	897 827 765	897 827 765
		<b>1 144 491 745</b>	<b>1 144 491 745</b>

##### Economic entity - 2022

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	29	152 553 075	152 553 075
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	38	(20 684 494)	(20 684 494)
Impairment loss	40	1 338 506 415	1 338 506 415
		<b>1 470 374 996</b>	<b>1 470 374 996</b>

##### Controlling entity - 2023

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	29	261 622 032	261 622 032
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	38	(16 074 877)	(16 074 877)
Debt impairment	40	897 827 765	897 827 765
		<b>1 143 374 920</b>	<b>1 143 374 920</b>

##### Controlling entity - 2022

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	29	151 831 293	151 831 293
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	38	(20 684 493)	(20 684 493)
Debt impairment	40	1 338 506 415	1 338 506 415
		<b>1 469 653 215</b>	<b>1 469 653 215</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>23. Consumer deposits</b>				
Electricity	51 819 509	49 647 559	51 819 509	49 647 559
Water	31 796 978	30 145 864	31 796 978	30 145 864
	<b>83 616 487</b>	<b>79 793 423</b>	<b>83 616 487</b>	<b>79 793 423</b>

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 R81 861 607 (2022: R79 793 423).

### 24. Revenue

Service charges	3 766 314 630	4 204 603 295	3 766 314 630	4 204 603 295
Rental of facilities and equipment	24 500 929	20 426 976	24 500 929	20 426 976
Agency services	21 870 747	23 878 654	21 870 747	23 878 654
Licences and permits (non-exchange)	12 216 036	12 114 951	12 216 036	12 114 951
Total other revenue	75 330 491	66 081 160	74 995 184	65 937 673
Interest received	262 739 040	152 553 075	261 622 032	151 831 293
Property rates	1 791 370 242	1 698 669 109	1 791 370 242	1 698 669 109
Interest (non-exchange)	85 675 639	54 304 838	85 675 639	54 304 838
Government grants & subsidies	1 936 173 537	1 729 702 487	1 925 040 153	1 739 305 650
Levies	82 451 262	82 262 940	82 451 262	82 262 940
Public contributions and donations	4 160 425	2 293 545	4 160 425	2 293 545
Fines	6 973 578	12 407 778	6 973 578	12 407 778
Fuel levy	719 203 000	652 199 000	719 203 000	652 199 000
	<b>8 788 979 556</b>	<b>8 711 497 808</b>	<b>8 776 393 857</b>	<b>8 720 235 702</b>

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

Service charges	3 766 314 630	4 204 603 295	3 766 314 630	4 204 603 295
Rental of facilities and equipment	24 500 929	20 426 976	24 500 929	20 426 976
Agency services	21 870 747	23 878 654	21 870 747	23 878 654
Total other revenue	75 330 491	66 081 160	74 995 184	65 937 673
Interest received	262 739 040	152 553 075	261 622 032	151 831 293
	<b>4 150 755 837</b>	<b>4 467 543 160</b>	<b>4 149 303 522</b>	<b>4 466 677 891</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>24. Revenue (continued)</b>				
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>				
<b>Taxation revenue</b>				
Property rates	1 791 370 242	1 698 669 109	1 791 370 242	1 698 669 109
Licences and permits (non-exchange)	12 216 036	12 114 951	12 216 036	12 114 951
Interest (non-exchange)	85 675 639	54 304 838	85 675 639	54 304 838
<b>Transfer revenue</b>				
Government grants & subsidies	1 936 173 537	1 729 702 487	1 925 040 153	1 739 305 650
Levies	82 451 262	82 262 940	82 451 262	82 262 940
Public contributions and donations	4 160 425	2 293 545	4 160 425	2 293 545
Fines	6 973 578	12 407 778	6 973 578	12 407 778
Fuel levy	719 203 000	652 199 000	719 203 000	652 199 000
	<b>4 638 223 719</b>	<b>4 243 954 648</b>	<b>4 627 090 335</b>	<b>4 253 557 811</b>
<b>Fines are made up as follows:</b>				
Traffic fines movement	(4 594 989)	(178 469)	(4 594 989)	(178 469)
Revenue received	11 568 567	12 586 247	11 568 567	12 586 247
	<b>6 973 578</b>	<b>12 407 778</b>	<b>6 973 578</b>	<b>12 407 778</b>
Total fines outstanding at 30 June 2023 is R253 081 624 (R272 165 361 : 2022) after eliminating untraceable and collected fines. A probability factor of 15% (15% : 2022) collection of total outstanding fines was calculated resulting in a traffic fines debtor amount of R37 045 180 (R41 640 169 : 2022). Refer to note 9.				
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				
The City received donations in relation to electricity infrastructure of R3m, vehicles of R954k and computer equipment to the value of R131k. In 2022 two specialised vehicles donated by Road Traffic Management Corporation (RTMC).				
<b>25. Service charges</b>				
Sale of electricity	2 086 612 315	2 072 200 954	2 086 612 315	2 072 200 954
Sale of water	751 291 531	1 197 469 993	751 291 531	1 197 469 993
Sewerage and sanitation charges - Non Pans	367 454 504	358 594 751	367 454 504	358 594 751
Sewerage and sanitation charges - Pans	106 529 416	106 606 572	106 529 416	106 606 572
Refuse removal	398 396 465	386 912 270	398 396 465	386 912 270
Other service charges	86 970 953	112 339 760	86 970 953	112 339 760
Less: Income forgone - Sale of water	(30 940 554)	(29 195 667)	(30 940 554)	(29 195 667)
Less: Income forgone - Refuse removal	-	(325 338)	-	(325 338)
	<b>3 766 314 630</b>	<b>4 204 603 295</b>	<b>3 766 314 630</b>	<b>4 204 603 295</b>
<b>26. Rental of facilities and equipment</b>				
<b>Facilities and equipment</b>				
Rental of facilities	24 500 929	20 426 976	24 500 929	20 426 976
<b>27. Agency services</b>				
Vehicle Registration	21 870 747	23 878 654	21 870 747	23 878 654

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>28. Other revenue - (exchange)</b>				
Admission fees	2 410 828	1 577 509	2 410 828	1 577 509
Cemetery fees	8 602 274	8 413 955	8 602 274	8 413 955
Commission	32 945 213	28 805 081	32 945 213	28 805 081
Coupons and clip tickets	317 517	193 080	317 517	193 080
Grazing fees	52 787	23 638	52 787	23 638
Insurance	5 635 947	2 391 845	5 635 947	2 391 845
Plan approval fees	9 561 794	9 835 956	9 561 794	9 835 956
Private works	2 304 618	3 272 824	2 304 618	3 272 824
Tender receipts	430 094	829 819	430 094	829 819
Sale of plants and animals	16 916	11 156	16 916	11 156
Sale of scrap waste	2 232 746	2 639 646	2 232 746	2 639 646
Street frontage and administration fees	81 757	119 279	81 757	119 279
Sundry income	7 758 585	3 769 183	7 423 278	3 625 696
Town planning and sub-division fees	2 959 742	4 089 478	2 959 742	4 089 478
Vehicle registrations	19 673	108 711	19 673	108 711
	<b>75 330 491</b>	<b>66 081 160</b>	<b>74 995 184</b>	<b>65 937 673</b>
<b>29. Interest received</b>				
<b>Interest revenue</b>				
Call accounts with financial institutions	28 680 193	18 380 400	28 680 193	18 380 400
Bank	18 979 654	14 705 167	17 862 646	13 983 385
Interest charged on trade and other receivables	215 079 193	119 467 508	215 079 193	119 467 508
	<b>262 739 040</b>	<b>152 553 075</b>	<b>261 622 032</b>	<b>151 831 293</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>30. Property rates</b>				
<b>Rates received</b>				
Agricultural	10 858 354	10 243 658	10 858 354	10 243 658
Commercial	721 921 474	687 912 981	721 921 474	687 912 981
Industrial	155 695 153	146 323 917	155 695 153	146 323 917
Mining	258 342	235 713	258 342	235 713
Public Benefit Organisation	1 084 583	887 038	1 084 583	887 038
Public Service Infrastructure	750 798	716 410	750 798	716 410
Public Service Purpose	95 764 623	85 456 348	95 764 623	85 456 348
Residential	782 283 805	740 658 616	782 283 805	740 658 616
Vacant land	88 668 461	84 909 385	88 668 461	84 909 385
Less: Income forgone	(65 915 351)	(58 674 957)	(65 915 351)	(58 674 957)
	<b>1 791 370 242</b>	<b>1 698 669 109</b>	<b>1 791 370 242</b>	<b>1 698 669 109</b>

### Valuations

Agricultural	3 111 382 222	3 108 747 000
Commercial	22 650 767 500	22 740 583 500
Industrial	4 437 396 000	4 384 071 000
Mining	11 460 000	11 460 000
Public Benefit Organisation	265 283 000	247 675 000
Public Service Infrastructure	276 264 500	268 288 500
Public Service Purpose	4 543 498 900	5 420 923 900
Residential	64 239 508 059	63 709 809 400
Vacant land	3 112 925 620	3 110 341 620
	<b>102 648 485 801</b>	<b>103 001 899 920</b>

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 four 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 of the current valuation roll is 1 July 2017 and was implemented on 1 July 2018. The validity of the current valuation roll was extended by one financial year ending 30 June 2023 in terms of Section 32 (2) (b) (ii) of the Municipal Property Rates Act 6 of 2004.

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.

The MPRA was amended in 2014 and the amended Act came into effect in July 2015. Section 8(2) of the Act was amended and prescribed categories of rateable property which must be included in the municipality's valuation roll, provided such category exist within the municipal jurisdiction. In terms of Section 93(B) of the MPRA, the provisions of Section 8 as amended must be implemented by a entity within seven years of the date of the commencement of the Amended act. The 2021/2022 financial year was the seven year since the commencement of the amended act.

The reduction in the total valuation for 2022/2023 financial year is due to a reduction in value of high value properties in the Commercial and Public Service Purpose property categories as reviewed and decided by the Valuation appeal Board. The revaluation was effective from 1 July 2018 and the affected accounts were adjusted with effect from this date and the revenue allocated to the different financial years accordingly.

### Tariffs levied: cents in the rand

Agricultural	0.003567	0.003404
Business	0.035672	0.034038
Industrial	0.035672	0.034038
Mining	0.035672	0.034038
Public Benefit Organisation	0.003567	0.003404
Public Service Infrastructure	0.003567	0.003404
Public Service Purpose	0.022831	0.021785
Residential	0.014269	0.013615
Vacant land	0.042881	0.040846

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *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	15.0 %	15.0 %
Water supply	22.5 %	22.5 %
Refuse removal service	7.5 %	7.5 %
Electricity supply	15.0 %	15.0 %
Sewerage service	15.0 %	15.0 %
	<b>75.0 %</b>	<b>75.0 %</b>

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 BCM'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 2022/23 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.

### 31. Licences and permits (non-exchange)

Dog	1 080 301	872 919	1 080 301	872 919
Trading	217 073	243 477	217 073	243 477
Road transport	10 918 662	10 998 555	10 918 662	10 998 555
	<b>12 216 036</b>	<b>12 114 951</b>	<b>12 216 036</b>	<b>12 114 951</b>

### 32. Interest (non-exchange)

Interest - Receivables	85 675 639	54 304 838	85 675 639	54 304 838
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# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>33. Government grants &amp; subsidies</b>				
<b>Operating grants</b>				
Government grants - operating projects	125 613 811	81 583 051	126 899 349	81 583 051
Other Government grants and subsidies	1 065 539 270	956 885 277	1 065 539 270	971 288 454
LG SETA Grant - BCMDA	47 080	38 094	-	-
Neighbourhood Development Programme Grant - BCMDA	329 173	4 403 242	-	-
Public Employment Programme - BCMDA	12 042 669	358 678	-	-
	<b>1 203 572 003</b>	<b>1 043 268 342</b>	<b>1 192 438 619</b>	<b>1 052 871 505</b>
<b>Capital grants</b>				
Government grant (capital: PPE)	732 601 534	686 434 145	732 601 534	686 434 145
	<b>1 936 173 537</b>	<b>1 729 702 487</b>	<b>1 925 040 153</b>	<b>1 739 305 650</b>
<b>34. Other revenue - (non-exchange)</b>				
Fire levy	82 451 262	82 262 272	82 451 262	82 262 272
Less: Income forgone - Fire levy	-	668	-	668
	<b>82 451 262</b>	<b>82 262 940</b>	<b>82 451 262</b>	<b>82 262 940</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>35. Employee related costs</b>				
Basic emoluments	1 573 468 433	1 533 455 541	1 550 668 024	1 521 662 820
Car allowance	43 014 277	40 469 986	42 954 277	40 359 986
Bonus	-	558 968	-	-
Employee benefit obligation net cost	16 (80 157 000)	67 661 000	(80 157 000)	67 661 000
Essential user cost	30 584 405	28 533 503	30 584 405	28 533 503
Group life	9 817 782	9 412 790	9 817 782	9 412 790
Housing benefits and allowances	11 661 777	11 283 656	11 613 777	11 235 656
Leave pay contributions (Leave pay provision charge)	49 655 886	39 596 025	49 077 011	38 923 232
Long-service awards	37 622 986	34 958 905	37 622 986	34 958 905
Medical aid contributions	114 916 023	113 458 897	114 916 023	113 458 897
Other allowances	72 031 954	70 464 439	72 031 954	70 464 439
Overtime payments	156 955 855	153 631 304	156 955 855	153 631 304
Pension fund contributions	298 481 219	288 820 030	297 313 752	287 761 746
UIF	11 584 985	11 741 849	11 434 029	11 691 714
WCA	286 309	116 944	-	-
SDL	259 493	204 624	-	-
13th Cheques	127 793 915	122 779 097	127 188 376	122 625 068
	<b>2 457 978 299</b>	<b>2 527 147 558</b>	<b>2 432 021 251</b>	<b>2 512 381 060</b>

### Remuneration of City Manager

Annual Remuneration	547 515	1 309 219	547 515	1 309 219
Travel Allowance	-	286 000	-	286 000
Allowance	285 095	324 896	285 095	324 896
UIF	1 063	1 948	1 063	1 948
Medical AID	20 028	28 442	20 028	28 442
Pension Contributions	88 632	251 525	88 632	251 525
	<b>942 333</b>	<b>2 202 030</b>	<b>942 333</b>	<b>2 202 030</b>

The position became vacant 01 June 2022. Acting allowance to the value of R163 367 was paid in the 2022/23 financial year in respect of this position. The new incumbent was appointed 13 February 2023

### Remuneration of Chief Finance Officer

Annual Remuneration	1 176 869	1 142 591	1 176 869	1 142 591
Travel Allowance	347 806	343 348	347 806	343 348
Allowance	173 431	164 427	173 431	164 427
UIF	2 125	2 125	2 125	2 125
Medical AID	60 084	57 277	60 084	57 277
Pension Contributions	211 836	205 666	211 836	205 666
Group life	11 113	10 700	11 113	10 700
	<b>1 983 264</b>	<b>1 926 134</b>	<b>1 983 264</b>	<b>1 926 134</b>

### Remuneration of HOD: Executive Support Services

Annual Remuneration	1 171 861	1 137 729	1 171 861	1 137 729
Travel Allowance	242 766	242 766	242 766	242 766
Allowance	298 948	283 688	298 948	283 688
UIF	2 125	2 125	2 125	2 125
Medical AID	31 687	29 477	31 687	29 477
Pension Contributions	210 935	204 791	210 935	204 791
Group life	16 595	15 978	16 595	15 978
	<b>1 974 917</b>	<b>1 916 554</b>	<b>1 974 917</b>	<b>1 916 554</b>



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>35. Employee related costs (continued)</b>				
<b>Remuneration of HOD: Human Settlements</b>				
Annual Remuneration	1 176 869	1 142 591	1 176 869	1 142 591
Travel Allowance	348 638	344 179	348 638	344 179
Allowance	160 177	151 635	160 177	151 635
UIF	2 125	2 125	2 125	2 125
Medical AID	60 084	57 277	60 084	57 277
Pension Contributions	211 836	205 666	211 836	205 666
Group life	23 535	22 660	23 535	22 660
	<b>1 983 264</b>	<b>1 926 133</b>	<b>1 983 264</b>	<b>1 926 133</b>
<b>Remuneration of HOD: Corporate Services</b>				
Annual Remuneration	1 171 861	1 137 729	1 171 861	1 137 729
Travel Allowance	240 000	240 000	240 000	240 000
Allowance	284 733	270 488	284 733	270 488
UIF	2 125	2 125	2 125	2 125
Medical AID	47 686	44 356	47 686	44 356
Pension Contributions	228 513	221 857	228 513	221 857
	<b>1 974 918</b>	<b>1 916 555</b>	<b>1 974 918</b>	<b>1 916 555</b>
<b>Remuneration of HOD: Public Safety &amp; Emergency Services</b>				
Annual Remuneration	784 579	1 142 591	784 579	1 142 591
Allowance	387 643	558 613	387 643	558 613
UIF	1 417	2 125	1 417	2 125
Pension Contributions	148 537	222 805	148 537	222 805
	<b>1 322 176</b>	<b>1 926 134</b>	<b>1 322 176</b>	<b>1 926 134</b>
The position became vacant 01 March 2023. Acting allowance to the value of R41 048 was paid in the 2022/23 financial year in respect of this position.				
<b>Remuneration of HOD: Infrastructure Services</b>				
Annual Remuneration	1 171 861	1 137 729	1 171 861	1 137 729
Travel Allowance	168 000	168 000	168 000	168 000
Allowance	356 804	341 079	356 804	341 079
UIF	2 125	2 125	2 125	2 125
Medical AID	31 019	29 786	31 019	29 786
Pension Contributions	228 513	221 857	228 513	221 857
Group life	16 595	15 978	16 595	15 978
	<b>1 974 917</b>	<b>1 916 554</b>	<b>1 974 917</b>	<b>1 916 554</b>
<b>Remuneration of HOD: Development and Spatial Planning</b>				
Annual Remuneration	1 171 861	1 137 729	1 171 861	1 137 729
Travel Allowance	192 000	192 000	192 000	192 000
Allowance	338 333	322 403	338 333	322 403
UIF	2 125	2 125	2 125	2 125
Medical AID	31 019	29 786	31 019	29 786
Pension Contributions	228 513	221 857	228 513	221 857
Group life	11 066	10 654	11 066	10 654
	<b>1 974 917</b>	<b>1 916 554</b>	<b>1 974 917</b>	<b>1 916 554</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 35. Employee related costs (continued)

#### Remuneration of HOD: Solid Waste and Environmental Health

Annual Remuneration	1 176 869	1 142 591	1 176 869	1 142 591
Travel Allowance	264 000	264 000	264 000	264 000
Allowance	288 313	273 228	288 313	273 228
UIF	2 125	2 125	2 125	2 125
Medical AID	40 120	38 524	40 120	38 524
Pension Contributions	211 836	205 666	211 836	205 666
	<b>1 983 263</b>	<b>1 926 134</b>	<b>1 983 263</b>	<b>1 926 134</b>

#### Remuneration of HOD: Economic Development & Agencies

Annual Remuneration	1 176 869	1 142 591	1 176 869	1 142 591
Travel Allowance	347 806	343 348	347 806	343 348
Allowance	220 831	244 039	220 831	244 039
UIF	2 125	2 125	2 125	2 125
Medical AID	23 796	22 136	23 796	22 136
Pension Contributions	211 836	171 895	211 836	171 895
	<b>1 983 263</b>	<b>1 926 134</b>	<b>1 983 263</b>	<b>1 926 134</b>

#### Remuneration of HOD: Sport, Recreation & Community Development

Annual Remuneration	784 579	187 618	784 579	187 618
Travel Allowance	231 871	57 225	231 871	57 225
Allowance	139 812	28 151	139 812	28 151
UIF	1 417	354	1 417	354
Medical AID	15 864	3 752	15 864	3 752
Pension Contributions	141 224	33 771	141 224	33 771
Group life	7 409	1 825	7 409	1 825
	<b>1 322 176</b>	<b>312 696</b>	<b>1 322 176</b>	<b>312 696</b>

This is a new directorate. The Incumbent was appointed 01 November 2022.

Acting allowance to the value of R40 656 was paid in the 2022/23 financial year in respect of this position.

The salaries, allowances and benefits of the City Manager, the Chief Financial Officer and Senior Managers are as prescribed.

#### BCMDA - Remuneration of Executive Management

##### Remuneration - Chief Executive Officer (discharged February 2023)

Annual Remuneration	1 491 966	2 389 191	-	-
Performance Bonuses	-	131 274	-	-
Contributions to UIF, Medical and Pension Funds	165 424	238 419	-	-
Settlement cost	4 950 000	-	-	-
	<b>6 607 390</b>	<b>2 758 884</b>	<b>-</b>	<b>-</b>

##### Remuneration - Chief Financial Officer (contract ended 30 April 2023)

Annual Remuneration	1 368 381	1 389 479	-	-
Performance Bonuses	-	86 752	-	-
Contributions to UIF, Medical and Pension Funds	137 106	145 092	-	-
	<b>1 505 487</b>	<b>1 621 323</b>	<b>-</b>	<b>-</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>35. Employee related costs (continued)</b>				
<b>Remuneration - Acting Chief Financial Officer (S Peter) (appointed 15 May 2023)</b>				
Annual Remuneration	4 042	-	-	-
Contributions to UIF, Medical and Pension Funds	40	-	-	-
	<b>4 082</b>	-	-	-
<b>Remuneration - Interim Chief Executive Officer (N van Wyk) (appointed 1 November 2022 - 25 January 2023)</b>				
Annual Remuneration	633 590	-	-	-
Contributions to UIF, Medical and Pension Funds	531	-	-	-
	<b>634 121</b>	-	-	-
<b>Remuneration - Interim Chief Executive Officer (M Sibam) (appointed 26 January 2023)</b>				
Annual Remuneration	1 179 711	-	-	-
Contributions to UIF, Medical and Pension Funds	886	-	-	-
	<b>1 180 597</b>	-	-	-
<b>Remuneration - Executive Manager: Corporate Services (re-appointed 1 June 2022)</b>				
Annual Remuneration	2 426 978	1 387 496	-	-
Performance Bonuses	-	74 972	-	-
Contributions to UIF, Medical and Pension Funds	53 220	114 070	-	-
	<b>2 480 198</b>	<b>1 576 538</b>	-	-
The Agency reached an out of court settlement with the Executive Manager: Corporate Services and his contract was terminated as at 30 June 2023.				
<b>Remuneration - Executive Manager: Strategy &amp; Risk (appointed 1 October 2022)</b>				
Annual Remuneration	1 126 125	-	-	-
Contributions to UIF, Medical and Pension Funds	112 969	-	-	-
	<b>1 239 094</b>	-	-	-
<b>Remuneration - Chief Investment Officer (appointed 11 July 2022)</b>				
Annual Remuneration	1 495 723	-	-	-
Contributions to UIF, Medical and Pension Funds	154 345	-	-	-
	<b>1 650 068</b>	-	-	-
<b>Remuneration - Executive Manager: Property Planning, Development and Management (appointed 11 July 2022)</b>				
Annual Remuneration	1 501 525	1 413 269	-	-
Performance Bonuses	-	77 652	-	-
Contributions to UIF, Medical and Pension Funds	151 683	141 899	-	-
	<b>1 653 208</b>	<b>1 632 820</b>	-	-
<b>Remuneration - Acting Executive: Corporate Services (F Goniwe) (appointed December 2022)</b>				
Annual Remuneration	35 078	-	-	-

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>35. Employee related costs (continued)</b>				
<b>Remuneration - Company Secretary &amp; Legal Services Manager (appointed 1 July 2018)</b>				
Annual Remuneration	1 082 232	1 034 680	-	-
	-	56 686	-	-
Contributions to UIF, Medical and Pension Funds	109 159	104 160	-	-
13th Cheque	-	14 171	-	-
	<b>1 191 391</b>	<b>1 209 697</b>	-	-
BCMDA - Remuneration of Executive Management	18 180 714	8 799 262	-	-
Economic entity employee related cost	2 457 978 299	2 527 147 558	2 432 021 251	2 512 381 060
<b>Total employee related costs</b>	<b>2 476 159 013</b>	<b>2 535 946 820</b>	<b>2 432 021 251</b>	<b>2 512 381 060</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>36. Remuneration of councillors</b>				
Executive Major	867 833	825 672	867 833	825 672
Deputy Executive Mayor	510 586	649 702	510 586	649 702
Mayoral Committee Members	5 812 391	6 177 292	5 812 391	6 177 292
Speaker	700 879	655 908	700 879	655 908
Chief Whip	644 244	612 198	644 244	612 198
Councillors salaries	29 074 932	28 694 010	29 074 932	28 694 010
Councillors' pension contribution	4 043 164	3 617 262	4 043 164	3 617 262
Councillors housing subsidy	14 210 027	10 977 176	14 210 027	10 977 176
Councillors medical aid	1 634 503	1 666 179	1 634 503	1 666 179
Cellphone Allowance	4 084 016	4 110 473	4 084 016	4 110 473
Travel allowance	5 166 613	8 510 033	5 166 613	8 510 033
Board fees	2 470 523	2 657 361	-	-
	<b>69 219 711</b>	<b>69 153 266</b>	<b>66 749 188</b>	<b>66 495 905</b>

### 2023

	Board remuneration	Re-imbursible Costs	Total
Mr T Bonakele	70 500	-	70 500
Ms S Booie	71 500	-	71 500
Ms T Buswana	69 500	-	69 500
Mr B Canning	31 000	-	31 000
Mrs T Godongwana	66 500	-	66 500
Ms M Pango	66 500	-	66 500
Mr C Sangqu	61 500	743	62 243
Mr L Njezula	39 000	654	39 654
Ms N Pietersen (Chairperson)	319 500	5 985	325 485
Mr N van Wyk	254 500	2 279	256 779
Ms A Kumbaca	341 000	16 068	357 068
Ms N Ndevu-Sakube	298 000	3 916	301 916
Mr S Toni	288 500	14 878	303 378
Mr M Sibam	158 000	-	158 000
Mr M Dilima	287 500	3 000	290 500
	<b>2 423 000</b>	<b>47 523</b>	<b>2 470 523</b>

### 2022

	Board remuneration	Re-imbursible Costs	Total
Mr T Bonakele	306 500	-	306 500
Ms S Booie	380 500	131	380 631
Ms T Buswana	445 500	12 875	458 375
Mr B Canning	212 500	2 037	214 537
Mrs T Godongwana	302 500	-	302 500
Ms M Pango	331 500	-	331 500
Mr C Sangqu	308 500	3 319	311 819
Mr L Njezula	351 500	-	351 500
	<b>2 639 000</b>	<b>18 362</b>	<b>2 657 362</b>

### 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 R34 587 137 (2022: R26 502 110).

The House Keeper appointed to maintain the Mayoral house cost to Council amounts to R346 596 (2022: R329 117).

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 R382 100 (2022: R399 297). An amount of R4 516 082 (2022: R1 103 034) was incurred for hired vehicles.

The Executive Mayor, Deputy Executive Mayor and Speaker each have full-time bodyguards. Cost of 13 bodyguards amounts to R12 852 173 (2022: R12 111 614).

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity		
	2023	2022 *Restated	2023	2022 *Restated	
<b>37. Depreciation and amortisation</b>					
Property, plant and equipment	4	1 843 853 473	1 587 212 694	1 843 258 977	1 586 618 762
Intangible assets	5	2 200 918	2 417 901	1 965 955	1 900 465
		<b>1 846 054 391</b>	<b>1 589 630 595</b>	<b>1 845 224 932</b>	<b>1 588 519 227</b>

### 38. Finance costs

Borrowings		16 074 877	20 684 493	16 074 877	20 684 493
Bank		183	1	-	-
		<b>16 075 060</b>	<b>20 684 494</b>	<b>16 074 877</b>	<b>20 684 493</b>

Refer to note 18 Borrowings relating to finance cost.

### 39. Auditors' remuneration

Fees		25 752 648	23 294 389	24 863 782	22 321 276
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### 40. Debt impairment

Contributions to debt impairment - Exchange	11	598 746 287	1 023 070 558	598 746 287	1 023 070 558
Contributions to debt impairment - Non-exchange	11	299 081 478	315 435 857	299 081 478	315 435 857
		<b>897 827 765</b>	<b>1 338 506 415</b>	<b>897 827 765</b>	<b>1 338 506 415</b>

### 41. Bulk purchases

Electricity - Eskom		1 936 962 683	1 922 254 903	1 936 962 683	1 922 254 903
Water		269 872 299	247 054 714	269 872 299	247 054 714
		<b>2 206 834 982</b>	<b>2 169 309 617</b>	<b>2 206 834 982</b>	<b>2 169 309 617</b>

### Electricity losses

Description	2023 Amount (R)	%	2022 Amount (R)	%
Technical	193 696 268	10.00	192 494 725	10.00
Non-technical	181 744 874	9.21	220 931 932	10.47
	<b>375 441 142</b>	<b>19.21</b>	<b>413 426 657</b>	<b>20.47</b>

Total losses amounted to 250 172 822 kWh (2022: 291 919 493 kWh) of which 130 212 801 kWh (2022: 142 583 689 kWh) are technical losses and 119 960 021 kWh (2022: 149 335 804 kWh) are non-technical losses.

Electricity losses for the current year ending 30 June 2023 amounted to 19.21% (2022: 20.47%) i.e. R375 441 142 (2022: R413 426 657). These losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network, account for 10% (2022: 10%) i.e. R192 987 620 (2022: R192 494 725). Non-technical losses, being theft, faults, billing errors etc., account for 9,21% (2022: 10.47%) i.e. R180 482 141 (2022: R220 931 932). Attempts are currently being made to reduce these losses. Electricity Bylaws have been amended to also cover the illegal use of small-scale embedded generation which has impacted the revenue income by a calculated -R242.7 m (at cost) for the 2022 financial year and an increasing (+200%) escalation rate for the 2023 period. A conducted cost of supply study and the associated tariff changes and recommendations will have to be introduced in the 2025 financial year to limit this loss of income. A self-funding revenue recovery project proposal is also being considered to target some +180 000 non-purchasing prepayment customers to rehabilitate this income generating revenue stream to the institution.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 41. Bulk purchases (continued)

#### Water losses

Description	2023 Amount (R)	%	2022 Amount (R)	%
Technical	91 387 427	22.60	80 755 569	21.74
Non-technical	60 905 785	15.06	58 516 397	15.76
	<b>152 293 212</b>	<b>37.66</b>	<b>139 271 966</b>	<b>37.50</b>

Total losses amounted to 24 539 655 KI (2022: 22 824 585 KI) of which 14 725 646 KI (2022: 13 234 625 KI) are technical losses and 9 814 009 KI (2022: 9 589 960 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. 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 by the implementation of water conservation and water demand measures which includes pipe replacement, water meter replacement, etc.

### 42. Repairs and maintenance

Infrastructure	200 640 959	182 189 499	200 640 959	182 189 499
Community assets	11 247 140	12 570 712	11 247 140	12 570 712
Heritage assets	8 014	8 000	8 014	8 000
Other assets	34 069 823	38 822 712	33 394 084	37 585 764
Computer Equipment	846 603	425 155	846 603	425 155
Furniture and Office Equipment	7 066 637	4 160 546	7 066 637	4 160 546
Machinery and Equipment	161 883 310	149 864 521	161 883 310	149 864 521
Transport Assets	29 545 775	24 214 791	29 545 775	24 214 791
	<b>445 308 261</b>	<b>412 255 936</b>	<b>444 632 522</b>	<b>411 018 988</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>43. Contracted services</b>				
<b>Outsourced Services</b>				
Alien Vegetation Control	100 000	397 904	100 000	397 904
Animal Care	1 440 000	1 440 000	1 440 000	1 440 000
Burial Services	506 239	416 090	506 239	416 090
Business and Advisory	258 153	1 632 946	258 153	1 632 946
Catering Services	5 516 959	3 701 209	5 516 959	3 701 209
Cleaning Services	362 846	548 611	362 846	548 611
Clearing and Grass Cutting Services	6 648 953	5 254 520	6 648 953	5 254 520
Connection/Dis-connection	9 130 203	12 016 321	9 130 203	12 016 321
Hygiene Services	44 414	41 631	44 414	41 631
Internal Auditors	391 350	360 928	391 350	360 928
Meter Management	418 089	1 450 188	418 089	1 450 188
Medical Services [Medical Health Services & Support]	49 733	36 176	49 733	36 176
Personnel and Labour	47 411 731	49 125 204	47 411 731	49 125 204
Professional Staff	7 834 173	3 425 531	7 834 173	3 425 531
Refuse Removal	8 819 993	5 150 503	8 819 993	5 150 503
Security Services	3 439 119	4 224 356	87 000	1 561 919
Traffic Fines Management	3 633 454	4 453 962	3 633 454	4 453 962
<b>Consultants and Professional Services</b>				
Business and Advisory	54 282 096	38 349 545	46 432 019	30 361 090
Infrastructure and Planning	7 177 231	9 564 566	5 825 319	2 830 718
Laboratory Services	349 126	343 733	349 126	343 733
Legal Cost	47 002 911	32 358 593	43 190 217	32 358 593
<b>Contractors</b>				
Artists and Performers	1 218 847	650 435	1 218 847	650 435
Building	18 998 896	4 061 577	18 998 896	4 061 577
Electrical	13 668 089	8 388 271	13 668 089	8 388 271
Event Promoters	4 044 507	4 615 439	4 044 507	4 615 439
Inspection Fees	840	22	840	22
Management of Informal Settlements	15 248	4 055	15 248	4 055
Medical Services	44 400	30 730	44 400	30 730
Pest Control and Fumigation	4 850	473 204	4 850	473 204
Plants, Flowers and Other Decorations	75 771	121 724	75 771	121 724
Safeguard and Security	9 692 177	3 875 279	9 692 177	3 875 279
Sewerage Services	29 995 239	31 950 571	29 995 239	31 950 571
Stage and Sound Crew	1 140 649	641 604	1 140 649	641 604
	<b>283 716 286</b>	<b>229 105 428</b>	<b>267 349 484</b>	<b>211 720 688</b>
<b>44. Grants and subsidies paid</b>				
<b>Other subsidies</b>				
Buffalo City Metropolitan Development Agency	-	-	45 539 399	56 618 351
Disaster management fund	679 727	295 310	679 727	295 310
Mayoral Social Responsibility	684 251	244 602	684 251	244 602
Other Organisations	23 042 655	4 065 971	23 042 655	4 065 971
Rural development	1 985 578	3 059 699	1 985 578	3 059 699
Social relief	51 393 264	47 421 911	51 393 264	47 421 911
Sponsored Events	14 170 010	16 193 542	14 170 010	16 193 542
	<b>91 955 485</b>	<b>71 281 035</b>	<b>137 494 884</b>	<b>127 899 386</b>



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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>45. General expenses</b>				
Advertising	9 395 139	14 750 591	9 255 314	14 535 206
Auditors remuneration	25 752 648	23 294 389	24 863 782	22 321 276
Bank charges	7 910 774	8 577 341	7 875 455	8 561 888
Cleaning	97 561	192 534	97 561	192 534
Commission paid	38 145 911	39 479 403	38 145 911	39 479 403
Conferences and seminars	2 641 196	3 255 703	2 641 196	3 255 703
Consumables	42 664 378	41 315 797	39 161 584	39 591 402
Entertainment	1 599 892	1 824 293	1 405 451	1 456 481
Fuel and oil	84 614 836	69 683 106	84 578 778	69 681 654
Hire	167 555 391	117 862 790	167 251 390	117 645 353
Insurance	37 619 437	33 853 657	37 441 332	33 699 492
IT expenses	50 668 541	46 852 916	49 734 546	45 770 774
Lease rentals on operating lease	41 397 431	53 403 993	40 231 659	52 333 319
Levies	20 786 071	20 633 219	20 786 071	20 633 219
Magazines, books and periodicals	340 871	564 310	340 871	564 310
Marketing	7 110 967	2 806 094	6 590 663	2 705 699
Motor vehicle expenses	10 804 068	10 710 763	10 804 068	10 710 763
Other expenses	52 534 408	69 772 694	54 232 538	76 430 228
Placement fees	81 543	19 154	-	-
Postage and courier	9 756 689	12 742 113	9 721 397	12 735 613
Printing and stationery	6 995 271	6 577 643	6 991 758	6 565 982
Promotions	2 747 420	1 892 415	1 441 577	1 515 232
License fees	4 957 854	4 377 876	4 957 854	4 377 876
Special events	27 095	23 708	27 095	23 708
Staff welfare	99 581	95 342	-	-
Subscriptions and membership fees	17 861 693	17 197 432	17 831 810	17 179 725
Telephone and fax	20 393 242	24 944 687	20 149 083	24 660 992
Title deed search fees	188 913	437 948	188 913	437 948
Training	22 655 123	24 460 993	22 286 103	24 165 091
Travel - local	16 499 783	10 432 798	15 492 959	9 709 926
Travel - overseas	455 436	173 219	455 436	173 219
Remuneration to WARD Committees	8 713 140	3 252 417	8 630 785	3 200 219
Utilities	97 382	76 409	-	-
Uniforms	16 626 480	21 888 115	15 575 331	21 764 540
	<b>729 796 165</b>	<b>687 425 862</b>	<b>719 188 271</b>	<b>686 078 775</b>

### 46. Fair value adjustments

Investment property (Fair value model)	8 867 100	15 348 500	8 867 100	15 348 500
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### 47. 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 for Income Tax purposes, with an assessed loss balance, therefore recognition of deferred tax in the current period would not necessarily be in line with the Accounting Standards. IAS 12 requires that there should be probability of the entity deriving taxable income which would reduce the deferred tax in future. Disclosed below therefore is 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. The Minister of Finance announced on 27th February 2022 that the corporate tax rate would decrease from 28% to 27%, effective for years ended on or after 31 March 2023. 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	165 826	506 858	-	-
Unused tax losses not recognised as deferred tax assets	48 752 758	42 924 179	-	-
	<b>48 918 584</b>	<b>43 431 037</b>	-	-

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>48. Cash generated from operations</b>				
Deficit	(285 000 221)	(366 544 231)	(268 009 765)	(367 193 975)
<b>Adjustments for:</b>				
Depreciation and amortisation	1 846 054 391	1 589 630 595	1 845 224 932	1 588 519 227
(Gain)/Loss on sale of assets	(430 933)	(528 642)	(409 343)	(470 508)
Loss/(income) from equity accounted investments	20 142 918	(29 868 763)	20 142 918	(29 868 763)
Fair value adjustments	(8 867 100)	(15 348 500)	(8 867 100)	(15 348 500)
Impairment deficit	26 356	3 005	-	-
Debt impairment	897 827 765	1 338 506 415	897 827 765	1 338 506 415
Movements in operating lease liabilities	20 947	(31 036)	-	-
Movements in retirement benefit assets and liabilities	(80 157 000)	67 661 000	(80 157 000)	67 661 000
Movements in provisions	(689 413)	58 124 970	(915 113)	51 951 584
Inventory losses or write-downs	161 416	488 477	138 990	502 895
Other non-cash items	(4 160 426)	(210 103 984)	(4 160 426)	(211 006 074)
<b>Changes in working capital:</b>				
Inventories	(6 798 041)	(7 603 951)	(6 798 027)	(7 603 951)
Receivables from exchange transactions	(821 203 417)	(1 091 925 388)	(831 187 282)	(1 086 958 572)
Receivables from non-exchange transactions	(363 578 488)	(370 327 341)	(363 578 488)	(370 327 341)
Prepayments	104 436	(6 832)	-	-
Trade payables from exchange transactions	293 747 740	29 365 618	280 103 311	38 382 768
Unspent conditional grants and receipts	(28 306 652)	16 481 431	(20 480 652)	9 606 898
Consumer deposits	3 823 064	5 567 318	3 823 064	5 567 318
	<b>1 462 717 342</b>	<b>1 013 540 161</b>	<b>1 462 697 784</b>	<b>1 011 920 421</b>

### 49. Operating leases - as lessee (expense)

#### Minimum lease payments due - Buildings

- within one year	3 409 826	4 639 361	1 944 539	3 949 167
- in second to fifth year inclusive	2 366 966	1 944 539	46 928	1 944 539
	<b>5 776 792</b>	<b>6 583 900</b>	<b>1 991 467</b>	<b>5 893 706</b>

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 agreements between BCMM and third parties.

#### Minimum lease payments due - Printing Machines

- within one year	2 813 587	2 012 812	2 752 362	2 001 187
- in second to fifth year inclusive	3 462 661	862 394	3 365 722	862 394
	<b>6 276 248</b>	<b>2 875 206</b>	<b>6 118 084</b>	<b>2 863 581</b>

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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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>50. Commitments</b>				
<b>Authorised capital expenditure</b>				
<b>Already contracted for but not provided for</b>				
• Community (including housing)	86 063 440	73 858 569	86 063 440	73 858 569
• Infrastructure	223 189 368	440 787 481	223 189 368	440 787 481
• Other	36 729 654	24 396 751	36 729 654	24 396 751
• Annual contracts	22 270 622	11 284 702	22 270 622	11 284 702
	<b>368 253 084</b>	<b>550 327 503</b>	<b>368 253 084</b>	<b>550 327 503</b>
<b>Total capital commitments</b>				
Already contracted for but not provided for	368 253 084	550 327 503	368 253 084	550 327 503
<b>Authorised operational expenditure</b>				
<b>Already contracted for but not provided for</b>				
• East London Beachfront Precinct Project - Court Crescent	2 187 906	8 425 196	-	-
• Upgrade of Water World	-	15 804 941	-	-
• Other	20 572 023	26 419 617	-	-
	<b>22 759 929</b>	<b>50 649 754</b>	-	-
<b>Total operational commitments</b>				
Already contracted for but not provided for	22 759 929	50 649 754	-	-

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 is 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.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>51. Contingencies</b>				
Litigation issues 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.	117 659 371	96 055 823	116 583 944	96 055 823
Labour issues These are instances whereby labour disputes have resulted in possible claims by employees.	38 260 205	29 978 749	31 466 858	29 978 749
Insurance issues These are instances whereby insurance claims have been instituted against Council by various third parties. Advice 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.	61 250 083	58 714 260	61 250 083	58 714 260
Other matters These are disputed invoices in terms of the standing contract between BCMM and Vodacom. Both parties are engaging in terms of resolving the dispute.	66 502 509	-	66 502 509	-
Mvusuludzo Projects cc Mvusuludzo Projects was appointed to construct the WaterWorld Fun Park located at the Racing Track East London. Their contract was terminated due to non-performance and a dispute ensued as to validity of the invoice submitted in relation to works performed. An arbitration was embarked on this regard and an award was issued validating the termination. Parties were ordered to calculate amounts due which were not concluded at reporting date.				
		Amount can not be quantified due to outstanding assessments to be performed by affected parties.	-	-
	<b>283 672 168</b>	<b>184 748 832</b>	<b>275 803 394</b>	<b>184 748 832</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 52. Related parties

Relationships	
Controlled entities	Buffalo City Metropolitan Development Agency SOC Ltd
Associates	Refer to note 7
Members of key management	Refer to note 35 and 36

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 R44 253 862 to BCMDA during the current financial year (2022: R42 146 535) (VAT exclusive).

BCMDA has trade receivables of R1 285 538 (2022: R38 969 561) (VAT inclusive) and trade payables of R6 397 352 (2022: R0) which relates to transactions with BCMM.

BCMM has trade receivables of R6 397 352 (2022: R0) which relates to transactions with BCMDA.

BCMM reimbursed BCMDA with an amount of R21 226 622 (2022: R83 219 181) (VAT exclusive) for the implementation of the BCMDA East London Beachfront and Water World Project.

BCMM reimbursed BCMDA with an amount of R12 314 415 (2022: R0) (VAT inclusive). These claims relate to the Public Employment Programme that is funded through the Neighbourhood Development Partnership Grant.

Agency fees amounting to R1 698 130 (2022: R6 657 534) (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 received European funding from the National Treasury GBS allocation. BCMM rolled out the Duncan Village Waste Buy Back Centre through BCMDA as the implementing agent. In the current year under review, an amount of R0 (2022: R14 471 816) (VAT exclusive) was transferred to BCMDA.

BCMM paid an amount of R2 865 080 (2022: R3 231 656) VAT inclusive in respect of grass mowing, municipal services and office rental for the 2022/23 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	7
Audit and risk committee	Shared with parent municipality	3
Executive management	Agency management	6
Councillors	Shareholder representative	1

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 53. 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 2021

	Note	Error reference	As previously reported	Correction of error	Restated
Opening balance			11 479 951 175	-	11 479 951 175
Various		a,b,c,d,e,f,g,j	-	(203 717 615)	(203 717 615)
			<b>- 11 479 951 175</b>	<b>(203 717 615)</b>	<b>11 276 233 560</b>

#### Summary of Statement of Financial Position

	Note	Error reference	As previously reported	Correction of error	Restated
Inventories	8		44 209 773	(1)	44 209 772
Receivables from non-exchange transactions	9	e,g	828 130 230	2 125 265	830 255 495
Receivables from exchange transactions	10	e,g,h	1 883 651 866	(38 314 587)	1 845 337 279
Prepayments	13		104 436	-	104 436
Cash and cash equivalents	12		697 456 815	-	697 456 815
Investment property	3		451 397 500	-	451 397 500
Property, plant and equipment	4	c,d	24 451 806 015	13 505 926	24 465 311 941
Intangible assets	5		10 846 857	-	10 846 857
Heritage assets	6		50 513 440	-	50 513 440
Investment in associate	7		706 317 270	-	706 317 270
Borrowings	18		(49 140 563)	-	(49 140 563)
Operating lease liability	15	-	(68 368)	-	(68 368)
Trade payables from exchange transactions	20	a,b,e,f,k	(1 346 605 018)	(238 176 459)	(1 584 781 477)
Consumer deposits	23		(79 793 423)	-	(79 793 423)
Employee benefit obligation	16		(29 148 000)	-	(29 148 000)
Unspent conditional grants	17		(283 485 342)	-	(283 485 342)
Provisions	19	m	(380 227 422)	803 705	(379 423 717)
Borrowings	18		(138 853 808)	-	(138 853 808)
Employee benefit obligation	16		(825 728 000)	-	(825 728 000)
Provisions	19	m	(112 622 698)	113 142	(112 509 556)
Revaluation reserve	14		(14 631 492 136)	(77 637 100)	(14 709 129 236)
Accumulated surplus		c,d	(11 247 269 424)	337 580 109	(10 909 689 315)
			<b>-</b>	<b>-</b>	<b>-</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2023	2022 *Restated	2023	2022 *Restated		
<b>53. Prior-year adjustments (continued)</b>						
Detail of Statement of Financial Position	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Inventories - Electricity store (Electrical maintenance parts)	8	j	8 172 313	-	9 272 200	17 444 513
Inventories - Workshop store (Mechanical maintenance parts)	8	j	433 534	-	(9 552)	423 982
Inventories - Water store (Water maintenance parts)	8	j	2 668 306	-	5 868 462	8 536 768
Inventories - Unsold water (Treated water in pipelines & reservoirs)	8	j	13 493 759	-	(6 030 659)	7 463 100
Inventories - General stores (Chiselhurst, Mdantsane, KWT)	8	j	19 930 338	-	(9 100 452)	10 829 886
Receivables from non-exchange transactions - Other receivables (billing) - Gross	9	g	258 698 310	(485 215)	-	258 213 095
Receivables from non-exchange transactions - Other receivables (billing) - Impairment	9	e,j	-	5 644 923	(114 608 086)	(108 963 163)
Receivables from non-exchange transactions - Traffic fines - Impairment	9	j	-	-	(230 525 193)	(230 525 193)
Receivables from non-exchange transactions - Property rates - Gross	9	g	1 281 612 169	2 464 305	-	1 284 076 474
Receivables from non-exchange transactions - Property rates - Impairment	9	e	(1 007 720 230)	103 103	339 531 428	(668 085 699)
Receivables from exchange transactions - Electricity - Gross	10	g	886 531 402	(2 277 264)	-	884 254 138
Receivables from exchange transactions - Electricity - Impairment	10	e	(579 445 974)	2 602 024	-	(576 843 950)
Receivables from exchange transactions - Water - Gross	10	g	2 136 005 178	(51 508 021)	-	2 084 497 157
Receivables from exchange transactions - Water - Impairment	10	e	(1 543 828 537)	12 764 994	-	(1 531 063 543)
Receivables from exchange transactions - Waste water - Gross	10	g,i	552 018 170	(263 097)	-	551 755 073
Receivables from exchange transactions - Waste water - Impairment	10	e	(341 989 516)	68 283	-	(341 921 233)
Receivables from exchange transactions - Refuse - Gross	10	g	656 493 959	393 021	-	656 886 980
Receivables from exchange transactions - Refuse - Impairment	10	e	(387 891 351)	58 208	-	(387 833 143)
Receivables from exchange transactions - Rental debtors - Gross	10	h	85 079 713	(43 869 947)	-	41 209 766
Receivables from exchange transactions - Rental debtors - Impairment	10	h	(68 071 545)	36 459 355	5 601 851	(26 010 339)
Receivables from exchange transactions - VAT Accrual	10	e	102 297 928	(56 837)	-	102 241 091
Receivables from exchange transactions - VAT Control	10	h	32 731 364	1 712 843	-	34 444 207
Property, plant and equipment - Work in progress	4	c,d	4 665 269 576	(545 260 704)	-	4 120 008 872
Property, plant and equipment - Furniture and fixtures	4	d	114 178 100	736 976	-	114 915 076
Property, plant and equipment - Plant and machinery	4	d	54 384 557	142 212	-	54 526 769
Property, plant and equipment - Recreational facilities	4	d	281 069 522	639 778	-	281 709 300
Property, plant and equipment - Electricity infrastructure	4	d	4 379 684 957	5 285 848	-	4 384 970 805
Property, plant and equipment - Other property (halls, social housing)	4	d	1 557 271 245	12 956 224	-	1 570 227 469
Property, plant and equipment - Community buildings	4	d	1 168 016 178	55 723 948	-	1 223 740 126
Property, plant and equipment - Roads	4	d	6 170 745 052	200 272 481	-	6 371 017 533
Property, plant and equipment - Water network	4	d	3 507 232 331	76 578 597	-	3 583 810 928
Property, plant and equipment - Wastewater network	4	d	2 167 683 596	206 430 565	-	2 374 114 161

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2023	2022 *Restated	2023	2022 *Restated		
<b>53. Prior-year adjustments (continued)</b>						
Provisions - Retentions	19	m	(13 539 729)	113 142	-	(13 426 587)
Bonus provision	19	m	(61 745 776)	803 705	-	(60 942 071)
Trade payables from exchange transactions - Trade payables	20	j	(697 796 061)	(13 490 465)	-	(711 286 526)
Trade payables from exchange transactions - Retention monies	20	f	(71 709 723)	342 642	-	(71 367 081)
Trade payables from exchange transactions - Deposits received	20		(8 453 840)	1 935 894	-	(6 517 946)
Trade payables from exchange transactions - Payments received in advanced	20		(194 561 464)	(230 766 556)	-	(425 328 020)
Trade payables from exchange transactions - Other creditors	20	a,b,k	(99 647 191)	(7 300 490)	-	(106 947 681)
Trade payables from exchange transactions - VAT accrual	20	e	(143 066 627)	11 102 516	-	(131 964 111)
Revaluation reserve			(14 631 492 136)	(77 637 100)	-	(14 709 129 236)
Accumulated surplus			(11 247 269 424)	337 580 109	-	(10 909 689 315)



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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2023	2022 *Restated	2023	2022 *Restated		
<b>53. Prior-year adjustments (continued)</b>						
<b>Statement of financial performance</b>						
<b>Summary of Statement of Financial Performance</b>	<b>Note</b>	<b>Error reference</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
Service charges	25	g,i	(4 312 992 772)	108 389 477	-	(4 204 603 295)
Rental of facilities and equipment	26		(21 116 429)	689 453	-	(20 426 976)
Other revenue (exchange)	28	i,j	(89 960 049)	235	23 878 654	(66 081 160)
Interest received	29	g,i,j	(154 468 720)	1 915 645	-	(152 553 075)
Agency fees	27		-	-	(23 878 654)	(23 878 654)
Property rates	30	g	(1 733 914 159)	35 245 050	-	(1 698 669 109)
Licences and Permits (non-exchange)	31		(12 127 953)	13 002	-	(12 114 951)
Interest (non-exchange)	32	g,i	(55 177 577)	872 739	-	(54 304 838)
Government grants and subsidies	33		(1 729 702 487)	-	-	(1 729 702 487)
Other revenue (non-exchange)	34	g	(82 193 719)	(69 221)	-	(82 262 940)
Public contributions and donations	24		(2 293 545)	-	-	(2 293 545)
Fines	24		(12 407 778)	-	-	(12 407 778)
Fuel levy	24		(652 199 000)	-	-	(652 199 000)
Employee related cost	35	a	2 533 862 564	2 084 256	-	2 535 946 820
Remuneration of councillors	36	b	67 340 030	1 813 236	-	69 153 266
Depreciation and amortisation	37	d	1 569 794 105	19 836 490	-	1 589 630 595
Finance cost	38		20 684 494	-	-	20 684 494
Debt Impairment	40	e	1 385 422 099	(46 915 684)	-	1 338 506 415
Repairs and maintenance	42	c	401 398 722	10 857 214	-	412 255 936
Bulk purchases	41		2 169 309 617	-	-	2 169 309 617
Contracted services	43		225 419 240	3 686 188	-	229 105 428
Grants and subsidies paid	44	k	70 459 423	821 612	-	71 281 035
General expenses	45		692 803 059	(5 377 198)	-	687 425 861
Gain/(Loss) on disposal of assets			(528 642)	-	-	(528 642)
Fair value adjustments	46		(15 348 500)	-	-	(15 348 500)
Share of surplus of associate			(29 868 763)	-	-	(29 868 763)
Inventories losses/write-downs			488 477	-	-	488 477
<b>Deficit for the year</b>			<b>- 232 681 737</b>	<b>133 862 494</b>	<b>-</b>	<b>366 544 231</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity			
	2023	2022 *Restated	2023	2022 *Restated		
<b>53. Prior-year adjustments (continued)</b>						
<b>Detail of Statement of Financial Performance</b>	<b>Note</b>	<b>Error reference</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
Service charges - Other service charges	25	g	(112 732 892)	393 132	-	(112 339 760)
Service charges - Refuse removal	25	g	(388 555 132)	1 642 862	-	(386 912 270)
Service charges - Sale of electricity	25	g	(2 103 951 344)	31 750 390	-	(2 072 200 954)
Service charges - Sale of water	25	g	(1 271 864 255)	74 394 262	-	(1 197 469 993)
Service charges - Sewerage and sanitation charges - Non Pans	25	g	(360 934 063)	2 339 312	-	(358 594 751)
Service charges - Income forgone	25	i	2 455 819	(2 130 481)	-	325 338
Interest received - Interest charged on trade and other receivables	29	g	(121 383 153)	1 915 645	-	(119 467 508)
Other revenue - (exchange) - Sundry income	28	g	(3 769 419)	236	-	(3 769 183)
Rental of facilities and equipment	26	i	(21 116 429)	689 453	-	(20 426 976)
Property rates - Agricultural	30	g	(10 353 122)	109 464	-	(10 243 658)
Property rates - Commercial	30	g	(700 055 356)	12 142 375	-	(687 912 981)
Property rates - Industrial	30	g	(146 882 220)	558 303	-	(146 323 917)
Property rates - Public Benefit Organisation	30	g	(973 244)	86 206	-	(887 038)
Property rates - Public Service Purpose	30	g	(108 818 541)	23 362 193	-	(85 456 348)
Property rates - Residential	30	g	(739 978 131)	(680 485)	-	(740 658 616)
Property rates - Vacant land	30	g	(84 576 379)	(333 006)	-	(84 909 385)
Interest (non-exchange) - Interest receivables	32	g	(55 177 577)	872 739	-	(54 304 838)
Licences and permits (non-exchange) - Dog	31	g	(885 921)	13 002	-	(872 919)
Other revenue - (non-exchange) - Fire levy	34	i	(82 373 086)	110 814	-	(82 262 272)
Other revenue - (non-exchange) - Fire levy - Income forgone	34	i	179 367	(180 035)	-	(668)
Employee related costs - Basic emoluments	35	a	1 531 938 101	1 517 440	-	1 533 455 541
Employee related costs - Pension fund contributions	35	a	288 549 362	270 668	-	288 820 030
Employee related costs - Housing benefits and allowances	35	a	10 987 508	296 148	-	11 283 656
Remuneration of councillors - Councillors housing subsidy	36	b	10 333 065	644 111	-	10 977 176
Remuneration of councillors - Councillors pension contribution	36	b	3 523 615	93 647	-	3 617 262
Remuneration of councillors - Councillors salaries	36	b	27 719 592	974 418	-	28 694 010
Remuneration of councillors - Deputy Executive Mayor	36	b	646 442	3 260	-	649 702
Remuneration of councillors - Chief Whip	36	b	608 938	3 260	-	612 198
Remuneration of councillors - Executive Mayor	36	b	816 205	9 467	-	825 672
Remuneration of councillors - Mayoral Committee Members	36	b	6 101 685	75 607	-	6 177 292
Remuneration of councillors - Speaker	36	b	646 442	9 466	-	655 908
Grants and subsidies paid - Other Organisations	44	k	3 707 293	358 678	-	4 065 971
Grants and subsidies paid - Rural development	44	j	2 596 765	-	462 934	3 059 699
Repairs and maintenance - Other assets	42	c	27 965 498	9 629 136	-	37 594 634
Depreciation and amortisation - PPE	37	d	1 567 376 204	19 836 490	-	1 587 212 694
Debt Impairment	40	e	1 385 422 099	(46 915 684)	-	1 338 506 415
General expenses - License fees	45		4 014 398	363 478	-	4 377 876
General expenses - Lease rentals on operating lease	45	j	58 681 736	-	(5 277 743)	53 403 993
General expenses - Special events	45	j	486 642	-	(462 934)	23 708
Contracted services - Outsourced services - Business and Advisory	43	j	-	-	1 632 946	1 632 946
Contracted services - Litter Picking and Street Cleaning	43	j	15 639 948	-	(15 639 948)	-
Contracted services - Outsourced services - Personnel and Labour	43	j	35 256 202	-	13 869 002	49 125 204
Contracted services - Contractors - Building	43	j	2 290 630	-	1 770 947	4 061 577
Contracted services - Consultants and professional services - Business and Advisory	43	j	35 068 226	(363 477)	3 644 796	38 349 545
<b>Deficit for the year</b>			<b>-</b>	<b>133 862 494</b>		

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity		
	2023	2022 *Restated	2023	2022 *Restated	
<b>53. Prior-year adjustments (continued)</b>					
<b>Cash flow statement</b>					
	<b>Note</b>	<b>Error reference</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Cash flow from operating activities					
Sale of goods and services	I		5 373 847 671	(61 162 992)	5 312 684 679
Government grants and subsidies			1 746 183 918	-	1 746 183 918
Interest income	I		209 646 297	(2 788 384)	206 857 913
Employee costs & Councillors remuneration	I		(2 533 323 499)	(4 814 339)	(2 538 137 838)
Suppliers	I		(3 711 448 686)	18 084 669	(3 693 364 017)
Finance costs			(20 684 494)	-	(20 684 494)
			<b>- 1 064 221 207</b>	<b>(50 681 046)</b>	<b>1 013 540 161</b>
Cash flow from investing activities					
Purchase of property, plant and equipment	I		(1 468 106 107)	50 681 047	(1 417 425 060)
Proceeds from sale of property, plant and equipment			1 380 041	-	1 380 041
Purchase of intangible assets			(255 048)	-	(255 048)
			<b>- (1 466 981 114)</b>	<b>50 681 047</b>	<b>(1 416 300 067)</b>
Cash flow from financing activities					
Repayment of borrowings			(45 190 556)	-	(45 190 556)
	<b>Note</b>		<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Other disclosure items					
Commitments	50		386 742 169	163 585 334	550 327 503

### Explanations of errors

- a) The error is in respect of results of the Job Evaluation process which was undertaken by BCMM with the calculations backdated from 1 July 2015 and payment done in the 2022/23 Financial year.
- b) The error relates to increases for Councillors with effect from 01 July 2021 as per the Government Gazette 46470 of June 2022, with payment done in the 2022/23 Financial year.
- c) Expenditure incurred relate to projects that were done in the capital votes that have been assessed and identified to be maintenance and will not be increasing the value of our assets.
- d) Adjustment relate to the capitalisation of assets that were completed in the previous financial year and the depreciation effect.
- e) During the 2023 financial year consumer accounts were adjusted which related to the prior period. Those adjustments were posted to the prior period and therefor the opening balance on debt impairment relating to the applicable consumer accounts also had to be adjusted in the prior period.
- f) Write back of retention as contract was terminated and retention withheld.
- g) Alignment of Revenue to Prior period/s. Journal adjustments were processed to customer accounts in 2022 2023, intended for prior periods.
- h) Reversal of leases revenue in the ledger as revenue was raised through the billing sub-ledger
- i) Correction of Revenue foregone votes to prior period. The transactions were posted in the Billing sub-ledger in July 2022 and had to be transferred to Prior period.
- j) Amount paid in current year to Amatola Water for debt not previously recognised in prior years.
- k) Payment made to BCMDA relating to prior year

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 53. Prior-year adjustments (continued)

l) Cash flow effect of all prior period adjustments.

j) The population was revisited and corrected to clear any misstatements identified.

m) In the prior year, errors occurred in relation to Provision - Retentions as well as Provision - Performance Bonus. Firstly, the provision liability was overstated by an amount of R113 142, this was due to the Agency miscalculating the retention held on the Braai Facilities - Ebuhlanti project. This required an adjusting entry to be passed in the prior period to correctly disclose the retentions in the prior year. Lastly the Agency had not reversed the provision for performance bonus for prior years, the nonreversal amounted to R803 705. This error was identified by management in the current financial year.

### 54. Comparative figures

Certain comparative figures have been reclassified. Refer to note 53 Prior year adjustments for detail

### 55. 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 economic entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity'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 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 12), deteriorating audit outcomes, low collection rates and trade debtors (refer note 9, 10 and 11). 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.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 55. Risk management (continued)

#### Market risk

##### Interest rate risk

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.

The entity'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	14.25 %	2 962 546 914	-	-	-	-
Cash in current banking institutions	7.06 %	133 546 912	-	-	-	-
Call Investments deposits	7.06 %	546 334 028	-	-	-	-
Trade and other payables - extended credit terms	7.75 %	1 211 883 224	-	-	-	-
Long term borrowings	8.35 %	30 246 178	28 813 896	25 085 847	20 829 396	33 878 491

##### Sensitivity Analysis of Market Risk

Effect of a 1% change in the interest rate	Current interest rate	Value as at 30 June 2023	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)
Trade and other receivables - normal credit terms	14.25 %	2 962 546 914	2 593 038 874	2 615 935 465	2 570 539 622
Cash in current banking institutions	7.06 %	133 546 912	124 740 250	125 916 379	123 585 889
Call Investments deposits	7.06 %	546 334 028	510 306 396	515 117 884	505 583 961
Trade and other payables - extended credit terms	7.75 %	1 211 883 224	1 124 717 609	1 135 253 606	1 114 375 378
Short term borrowings	8.35 %	50 157 564	46 292 168	46 723 395	45 868 829
Long term borrowings	8.35 %	88 696 244	81 860 862	82 623 422	81 112 249

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.

##### Capital risk management

The entity's objectives when managing capital are to safeguard the entity'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.

### 56. 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.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 57. Events after the reporting date

There are no events after reporting date to be disclosed

### 58. Unauthorised expenditure

Opening balance as previously reported	163 702 130	-	163 702 130	-
Add: Unauthorised expenditure - current	-	163 702 130	-	163 702 130
Less: Expenditure authorised in terms of section 32 of the MFMA	(163 702 130)	-	(163 702 130)	-
<b>Closing balance</b>	<b>-</b>	<b>163 702 130</b>	<b>-</b>	<b>163 702 130</b>
Non-cash	-	163 702 130	-	163 702 130
<b>Analysed as follows: non-cash</b>				
Debt impairment	-	163 702 130	-	163 702 130

#### The 2023 unauthorised expenditure:

There is no unauthorised expenditure reported for 2022/2023 financial year.

Municipal Manager	-	1 005 770	-	1 005 770
Chief Financial Officer	-	25 208 766	-	25 208 766
Spatial planning and Development	-	1 838 284	-	1 838 284
Solid Waste, Environmental & Health Management	-	272 250	-	272 250
	<b>-</b>	<b>28 325 070</b>	<b>-</b>	<b>28 325 070</b>

#### The 2022 unauthorised expenditure:

The unauthorised expenditure for 2021/2022 mainly results from a non-cash item that is debt impairment.

The unauthorised expenditure per directorate in 2021/2022 can mainly be attributed to depreciation, debt impairment and contracted services (legal costs).

There was no unauthorised expenditure regarding the total budgeted amount.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>59. Fruitless and wasteful expenditure</b>				
Opening balance as previously reported	11 239 831	10 852 831	10 731 676	10 731 676
Add: Fruitless and wasteful expenditure identified - current	65 877	6 819	53 713	-
Add: Fruitless and wasteful expenditure identified - prior period	-	387 000	-	-
Less: Amount recovered - current	(65 860)	(6 819)	(53 713)	-
<b>Closing balance</b>	<b>11 239 848</b>	<b>11 239 831</b>	<b>10 731 676</b>	<b>10 731 676</b>

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.

Cases under investigation

Investigations are still progress regarding 21 (2022: 21) which relate to interest on late payments and negligence.

### Amount recoverable

There are no recoverable amounts.

### Amount written-off

There are no amounts written off.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>60. Irregular expenditure</b>				
Opening balance as previously reported	9 216 993 440	3 085 212 548	9 216 993 440	3 084 813 818
<b>Opening balance as restated</b>	<b>9 216 993 440</b>	<b>3 085 212 548</b>	<b>9 216 993 440</b>	<b>3 084 813 818</b>
Add: Irregular Expenditure - current	1 839 725 316	1 529 971 015	1 813 453 871	1 442 386 188
Add: Irregular Expenditure - prior period	-	4 689 793 434	-	4 689 793 434
Less: Amount written off - current	-	(87 983 557)	-	-
<b>Closing balance</b>	<b>11 056 718 756</b>	<b>9 216 993 440</b>	<b>11 030 447 311</b>	<b>9 216 993 440</b>
<b>Analysis of expenditure awaiting write-off per age classification</b>				
Prior years (Opening balance)	9 216 993 440	3 085 212 548	9 216 993 440	3 084 813 818
Current year	1 839 725 316	1 529 971 015	1 813 453 871	1 442 386 188
Irregular expenditure identified in current year relating to prior years	-	4 689 793 434	-	4 689 793 434
Less: Amounts ratified/approved as irrecoverable by council and written off	-	(87 983 557)	-	-
	<b>11 056 718 756</b>	<b>9 216 993 440</b>	<b>11 030 447 311</b>	<b>9 216 993 440</b>
<b>Details of irregular expenditure</b>				
Procurement made outside SCM regulations	1 703 151 316	1 347 461 568	1 703 151 316	1 347 461 568
Bid Construction Contracts (BCC)	23 287 237	16 775 532	23 287 237	16 775 532
Annual contracts	51 527 110	54 927 993	51 527 110	54 927 993
Informal contracts	9 402 801	197 495	9 402 801	197 495
Formal contracts	-	94 685	-	94 685
3 Quotation System	903 975	39 600	903 975	39 600
Services of the state - Section 44 - Not-declared state employees	192 498	-	192 498	-
Expired leases	24 988 934	22 889 315	24 988 934	22 889 315
Bid Adjudication Committee - BCMDA	26 271 445	87 584 827	-	-
	<b>1 839 725 316</b>	<b>1 529 971 015</b>	<b>1 813 453 871</b>	<b>1 442 386 188</b>
<b>61. In-kind donations and assistance</b>				
FELZOO donated assistance to BCMM	10 690	17 819	10 690	17 819
FELA donated assistance to BCMM	3 600	3 600	3 600	3 600
Nahoon Point Nature Reserve	48 154	54 047	48 154	54 047
	<b>62 444</b>	<b>75 466</b>	<b>62 444</b>	<b>75 466</b>
The nature of the above In-kind donations and assistance amounts are ad-hoc cash donations which are non-exchange transactions.				
<b>62. Additional disclosure in terms of Municipal Finance Management Act</b>				
<b>Contributions to organised local government</b>				
Current year subscription / fee	17 237 606	16 378 276	17 237 606	16 378 276
Amount paid - current year	(17 237 606)	(16 378 276)	(17 237 606)	(16 378 276)
	-	-	-	-
<b>Contributions to SA Cities Network</b>				
Add: Losses identified - prior period	5 024 900	4 627 270	5 024 900	4 627 270
Less: Amounts recovered - current	(5 024 900)	(4 627 270)	(5 024 900)	(4 627 270)
	-	-	-	-



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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 62. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Audit fees

Current year subscription / fee	25 752 648	23 294 389	24 863 782	22 321 276
Amount paid - current year	(25 752 648)	(23 294 389)	(24 863 782)	(22 321 276)
	-	-	-	-

#### PAYE, UIF and Skills Development Levy

Opening balance	589 580	603 189	-	-
Current year subscription / fee	432 552 216	426 434 435	422 027 857	420 351 584
Amount paid - current year	(432 073 665)	(426 448 044)	(422 027 857)	(420 351 584)
	<b>1 068 131</b>	<b>589 580</b>	-	-

Amounts in respect of June 2023 were paid by the 7 July 2023 as per legislation, therefore there were no outstanding amounts for the financial year 2022/23.

#### Pension and Medical Aid Deductions

Opening balance	134 818	117 794	-	-
Current year subscription / fee	625 116 904	618 570 299	623 067 562	616 778 826
Amount paid - current year	(625 114 868)	(618 553 275)	(623 067 562)	(616 778 826)
	<b>136 854</b>	<b>134 818</b>	-	-

Amounts in respect of June 2023 were paid by the 7 July 2023 as per legislation, therefore there were no outstanding amounts for the financial year 2022/23.

#### VAT

VAT receivable	104 993 597	4 721 187	104 398 852	3 952 075
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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.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 62. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

Arrear Councillors accounts totalling R50 388 were outstanding for more than 90 days at 30 June 2023 (2022 R155 661) 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 2022 Stop orders are in place, whereby a monthly amount is deducted until the balance is settled.

30 June 2023	Outstanding more than 90 days R	Total R
Councillor M.L. Nyusile	12 454	12 454
Councillor N. Maxongo	37 934	37 934
	<b>50 388</b>	<b>50 388</b>

30 June 2022	Outstanding more than 90 days R	Total R
Councillor R. Angelbeck	50 400	50 400
Councillor N. Fishile	53 377	53 377
Councillor M.J. Mashiya	36 492	36 492
Councillor C.N. Matwele	12 205	12 205
Councillor N.E. Tshabe	3 184	3 184
	<b>155 658</b>	<b>155 658</b>

At year end, officials accounts totalling R9 308 126 (2022: R8 713 371) were outstanding for more than 90 days.

### 63. 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.

Paragraph 36 of the same gazette 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 audited consolidated annual financial statements.

During the financial year under review goods/services totalling R178 745 187 (2022: R200 056 052) 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

Type of contract	No of contracts Economic entity	Value of contracts Economic entity	No of contracts Controlling entity	Value of contracts Controlling entity
Emergency	7	4 530 310	7	4 530 310
Sole supplier	15	84 544 628	15	84 544 628
Other exceptional cases	17	89 670 249	12	86 007 839
	<b>39</b>	<b>178 745 187</b>	<b>34</b>	<b>175 082 777</b>

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *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	Goods and/or services
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, assets and liabilities

#### Economic entity 2023

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>Revenue</b>						
Service charges	-	-	673 674	3 765 640 957	-	3 766 314 631
Rental of facilities and equipment	2 391 351	1 696 625	17 976 042	-	2 436 911	24 500 929
Agency fees	21 870 747	-	-	-	-	21 870 747
Other revenue (exchange)	12 777 554	12 028 390	16 547 050	4 553 905	29 423 592	75 330 491
Interest received	-	1 117 008	261 622 031	-	-	262 739 039
Property rates	-	-	1 791 370 242	-	-	1 791 370 242
Licences and permits (non-exchange)	11 998 963	-	-	-	217 073	12 216 036
Interest (non-exchange)	-	-	85 675 639	-	-	85 675 639
Government grants and subsidies	336 910 354	290 655 217	489 095 972	788 210 742	31 301 252	1 936 173 537
Other revenue (non-exchange)	82 451 262	-	-	-	-	82 451 262
Public contributions and donations	1 085 056	-	-	3 075 369	-	4 160 425
Fines	6 973 578	-	-	-	-	6 973 578
Fuel levy	-	-	719 203 000	-	-	719 203 000
<b>Total segment revenue</b>	<b>476 458 865</b>	<b>305 497 240</b>	<b>3 382 163 650</b>	<b>4 561 480 973</b>	<b>63 378 828</b>	<b>8 788 979 556</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Expenditure

Employee related cost	(880 398 587)	(234 708 904)	(616 682 319)	(699 344 132)	(45 025 071)	(2 476 159 013)
Remuneration of councillors	-	(2 470 523)	(66 749 188)	-	-	(69 219 711)
Depreciation and amortisation	(109 498 097)	(911 060 483)	(178 710 566)	(646 785 245)	-	(1 846 054 391)
Finance cost	(1 344 795)	(4 669 103)	(1 356 221)	(8 305 074)	(399 867)	(16 075 060)
Debt impairment	(82 512 887)	-	(519 856 473)	(295 458 405)	-	(897 827 765)
Repairs and maintenance	(36 961 520)	(129 590 241)	(36 149 688)	(241 116 265)	(1 490 547)	(445 308 261)
Bulk purchases	-	-	-	(2 206 834 982)	-	(2 206 834 982)
Contracted services	(38 273 145)	(27 833 692)	(107 660 438)	(99 780 402)	(10 168 609)	(283 716 286)
Grants and subsidies paid	(11 212 936)	-	(55 591 479)	(20 969 248)	(4 181 822)	(91 955 485)
General expenses	(112 275 903)	(42 883 937)	(315 763 363)	(237 917 519)	(20 955 444)	(729 796 166)
Loss on disposal of assets	-	21 590	409 343	-	-	430 933
Fair value adjustments	-	-	8 867 100	-	-	8 867 100
Share of surplus/(deficit) of associate	-	-	(20 142 918)	-	-	(20 142 918)
Inventory losses/write-downs	-	(22 426)	(138 990)	-	-	(161 416)
Impairment loss	-	(26 356)	-	-	-	(26 356)
<b>Total segment expenditure</b>	<b>(1 272 477 870)</b>	<b>(1 353 244 075)</b>	<b>(1 909 525 200)</b>	<b>(4 456 511 272)</b>	<b>(82 221 360)</b>	<b>(9 073 979 777)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(796 019 005)</b>	<b>(1 047 746 835)</b>	<b>1 472 638 450</b>	<b>104 969 701</b>	<b>(18 842 532)</b>	<b>(285 000 221)</b>
Total Revenue as per Statement of Financial Performance						8 788 979 556
Total Expenditure as per Statement of Financial Performance						(9 062 947 120)
Other items as per Statement of Financial Performance						(11 032 657)
<b>Economic entity's (deficit) for the period</b>						<b>(285 000 221)</b>

The entity does not disclose segment assets and liabilities as they are not regularly reported on and reviewed by management.

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Economic entity 2022

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>Revenue</b>						
Service charges	-	-	60 947 360	4 143 655 935	-	4 204 603 295
Rental of facilities and equipment	2 141 290	1 267 506	14 131 675	-	2 886 505	20 426 976
Agency fees	23 878 654	-	-	-	-	23 878 654
Other revenue (exchange)	12 118 593	13 321 777	8 950 945	6 276 009	25 413 836	66 081 160
Interest received	-	721 782	151 831 293	-	-	152 553 075
Property rates	-	-	1 698 669 109	-	-	1 698 669 109
Licences and permits (non-exchange)	11 871 474	-	-	-	243 477	12 114 951
Interest (non-exchange)	-	-	54 304 838	-	-	54 304 838
Government grants and subsidies	303 414 510	224 424 268	433 711 203	732 407 262	35 745 244	1 729 702 487
Other revenue (non-exchange)	82 262 940	-	-	-	-	82 262 940
Public contributions and donations	2 293 545	-	-	-	-	2 293 545
Fines	12 407 778	-	-	-	-	12 407 778
Fuel levy	-	-	652 199 000	-	-	652 199 000
<b>Total segment revenue</b>	<b>450 388 784</b>	<b>239 735 333</b>	<b>3 074 745 423</b>	<b>4 882 339 206</b>	<b>64 289 062</b>	<b>8 711 497 808</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Expenditure

Employee related cost	(865 778 904)	(208 537 236)	(733 184 161)	(683 663 434)	(44 783 085)	(2 535 946 820)
Remuneration of councillors	-	(2 657 361)	(66 495 905)	-	-	(69 153 266)
Depreciation and amortisation	(93 920 127)	(771 276 591)	(152 642 788)	(571 383 451)	(407 638)	(1 589 630 595)
Finance cost	(1 334 296)	(6 117 988)	(1 566 445)	(11 259 890)	(405 875)	(20 684 494)
Debt impairment	(72 604 045)	-	(516 279 280)	(749 623 090)	-	(1 338 506 415)
Repairs and maintenance	(28 521 575)	(123 774 108)	(27 628 362)	(230 695 895)	(1 635 996)	(412 255 936)
Bulk purchases	-	-	-	(2 169 309 617)	-	(2 169 309 617)
Contracted services	(20 748 323)	(24 216 604)	(98 013 761)	(81 249 516)	(4 877 224)	(229 105 428)
Grants and subsidies paid	(11 362 676)	-	(55 339 228)	(501 351)	(4 077 780)	(71 281 035)
General expenses	(118 529 483)	(35 524 164)	(320 875 939)	(194 183 970)	(18 312 305)	(687 425 861)
Loss on disposal of assets	(19 452)	58 134	918 159	(428 199)	-	528 642
Fair value adjustments	-	-	15 348 500	-	-	15 348 500
Share of surplus/(deficit) of associate	-	-	29 868 763	-	-	29 868 763
Inventory losses/write-downs	-	14 418	(502 895)	-	-	(488 477)
<b>Total segment expenditure</b>	<b>(1 212 818 881)</b>	<b>(1 172 031 500)</b>	<b>(1 926 393 342)</b>	<b>(4 692 298 413)</b>	<b>(74 499 903)</b>	<b>(9 078 042 039)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(762 430 097)</b>	<b>(932 296 167)</b>	<b>1 148 352 081</b>	<b>190 040 793</b>	<b>(10 210 841)</b>	<b>(366 544 231)</b>
Total Revenue as per Statement of Financial Performance						8 711 497 808
Total Expenditure as per Statement of Financial Performance						(9 123 299 467)
Other items as per Statement of Financial Performance						45 257 428
<b>Economic entity's (deficit) for the period</b>						<b>(366 544 231)</b>

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Controlling entity 2023

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>Revenue</b>						
Service charges	-	-	673 674	3 765 640 956	-	3 766 314 630
Rental of facilities and equipment	2 391 351	1 696 625	17 976 042	-	2 436 911	24 500 929
Agency fees	21 870 747	-	-	-	-	21 870 747
Other revenue (exchange)	12 777 557	11 693 083	16 547 046	4 553 905	29 423 593	74 995 184
Interest received	-	-	261 622 032	-	-	261 622 032
Property rates	-	-	1 791 370 242	-	-	1 791 370 242
Licences and permits (non-exchange)	11 998 963	-	-	-	217 073	12 216 036
Interest (non-exchange)	-	-	85 675 639	-	-	85 675 639
Government grants and subsidies	336 910 354	279 521 834	489 095 969	788 210 742	31 301 254	1 925 040 153
Other revenue (non-exchange)	82 451 262	-	-	-	-	82 451 262
Public contributions and donations	1 085 056	-	-	3 075 369	-	4 160 425
Fines	6 973 578	-	-	-	-	6 973 578
Fuel levy	-	-	719 203 000	-	-	719 203 000
<b>Total segment revenue</b>	<b>476 458 868</b>	<b>292 911 542</b>	<b>3 382 163 644</b>	<b>4 561 480 972</b>	<b>63 378 831</b>	<b>8 776 393 857</b>



# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Expenditure

Employee related cost	(880 398 587)	(190 571 142)	(616 682 307)	(699 344 132)	(45 025 083)	(2 432 021 251)
Remuneration of councillors	-	-	(66 749 188)	-	-	(66 749 188)
Depreciation and amortisation	(109 498 097)	(910 231 024)	(178 710 566)	(646 785 245)	-	(1 845 224 932)
Finance cost	(1 344 795)	(4 668 920)	(1 356 220)	(8 305 075)	(399 867)	(16 074 877)
Debt impairment	(82 512 887)	-	(519 856 473)	(295 458 405)	-	(897 827 765)
Repairs and maintenance	(36 961 520)	(128 914 502)	(36 149 683)	(241 116 265)	(1 490 552)	(444 632 522)
Bulk purchases	-	-	-	(2 206 834 982)	-	(2 206 834 982)
Contracted services	(38 273 145)	(11 466 890)	(107 660 432)	(99 780 402)	(10 168 615)	(267 349 484)
Grants and subsidies paid	(11 212 936)	-	(55 591 478)	(20 969 248)	(49 721 222)	(137 494 884)
General expenses	(112 275 903)	(30 577 915)	(315 763 361)	(237 917 519)	(22 653 574)	(719 188 272)
Loss on disposal of assets	-	-	409 343	-	-	409 343
Fair value adjustments	-	-	8 867 100	-	-	8 867 100
Share of surplus/(deficit) of associate	-	-	(20 142 918)	-	-	(20 142 918)
Inventory losses/write-downs	-	-	(138 990)	-	-	(138 990)
<b>Total segment expenditure</b>	<b>(1 272 477 870)</b>	<b>(1 276 430 393)</b>	<b>(1 909 525 173)</b>	<b>(4 456 511 273)</b>	<b>(129 458 913)</b>	<b>(9 044 403 622)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(796 019 002)</b>	<b>(983 518 851)</b>	<b>1 472 638 471</b>	<b>104 969 699</b>	<b>(66 080 082)</b>	<b>(268 009 765)</b>
Total Revenue as per Statement of Financial Performance						8 776 393 857
Total Expenditure as per Statement of Financial Performance						(9 033 398 157)
Other items as per Statement of Financial Performance						(11 005 465)
<b>Controlling entity's (deficit) for the period</b>						<b>(268 009 765)</b>

The municipality does not disclose segment assets and liabilities as they are not regularly reported on and reviewed by management.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Controlling entity 2022

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>Revenue</b>						
Service charges	-	-	60 947 361	4 143 655 934	-	4 204 603 295
Rental of facilities and equipment	2 141 290	1 267 506	14 131 675	-	2 886 505	20 426 976
Agency fees	23 878 654	-	-	-	-	23 878 654
Other revenue (exchange)	12 118 593	13 178 290	8 950 948	6 276 009	25 413 833	65 937 673
Interest received	-	-	151 831 293	-	-	151 831 293
Property rates	-	-	1 698 669 109	-	-	1 698 669 109
Licences and permits (non-exchange)	11 871 474	-	-	-	243 477	12 114 951
Interest (non-exchange)	-	-	54 304 838	-	-	54 304 838
Government grants and subsidies	303 414 510	219 555 614	433 711 202	732 407 262	50 217 062	1 739 305 650
Other revenue (non-exchange)	82 262 940	-	-	-	-	82 262 940
Public contributions and donations	2 293 545	-	-	-	-	2 293 545
Fines	12 407 778	-	-	-	-	12 407 778
Fuel levy	-	-	652 199 000	-	-	652 199 000
<b>Total segment revenue</b>	<b>450 388 784</b>	<b>234 001 410</b>	<b>3 074 745 426</b>	<b>4 882 339 205</b>	<b>78 760 877</b>	<b>8 720 235 702</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

### 64. Segment information (continued)

#### Expenditure

Employee related cost	(865 778 904)	(184 971 478)	(733 184 171)	(683 663 434)	(44 783 073)	(2 512 381 060)
Remuneration of councillors	-	-	(66 495 905)	-	-	(66 495 905)
Depreciation and amortisation	(93 920 127)	(770 165 223)	(152 642 796)	(571 383 451)	(407 630)	(1 588 519 227)
Finance cost	(1 334 296)	(6 117 987)	(1 566 445)	(11 259 890)	(405 875)	(20 684 493)
Debt impairment	(72 604 045)	-	(516 279 280)	(749 623 090)	-	(1 338 506 415)
Repairs and maintenance	(28 521 575)	(122 537 160)	(27 628 362)	(230 695 895)	(1 635 996)	(411 018 988)
Bulk purchases	-	-	-	(2 169 309 617)	-	(2 169 309 617)
Contracted services	(20 748 323)	(6 831 864)	(98 013 759)	(81 249 516)	(4 877 226)	(211 720 688)
Grants and subsidies paid	(11 362 676)	-	(55 339 228)	(501 351)	(60 233 197)	(127 436 452)
General expenses	(118 529 483)	(27 519 543)	(320 875 937)	(194 183 970)	(25 432 775)	(686 541 708)
Loss on disposal of assets	(19 452)	-	918 159	(428 199)	-	470 508
Fair value adjustments	-	-	15 348 500	-	-	15 348 500
Share of surplus/(deficit) of associate	-	-	29 868 763	-	-	29 868 763
Inventory losses/write-downs	-	-	(502 895)	-	-	(502 895)
<b>Total segment expenditure</b>	<b>(1 212 818 881)</b>	<b>(1 118 143 255)</b>	<b>(1 926 393 356)</b>	<b>(4 692 298 413)</b>	<b>(137 775 772)</b>	<b>(9 087 429 677)</b>
<b>Total segmental surplus/(deficit)</b>	<b>(762 430 097)</b>	<b>(884 141 845)</b>	<b>1 148 352 070</b>	<b>190 040 792</b>	<b>(59 014 895)</b>	<b>(367 193 975)</b>
Total Revenue as per Statement of Financial Performance						8 720 235 702
Total Expenditure as per Statement of Financial Performance						(9 132 614 553)
Other items as per Statement of Financial Performance						45 184 876
<b>Controlling entity's (deficit) for the period</b>						<b>(367 193 975)</b>

#### 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 economic entity's geographical areas of operation are considered as a single geographical area for decision making purposes.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 65. Accounting by principals and agents

The entity is party to principal-agent arrangements.

#### Details of the arrangements 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 R400 696 988 million owing to BCMM.

#### Municipality as agent

##### Resources held on behalf of the principals, but recognised in the entity's own financial statements

No resources are held on behalf of the principals.

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R21 870 747 (2022: R23 878 654).

##### Corresponding rights of reimbursement recognised as assets

Corresponding rights of reimbursement that have been recognised as assets are R400 696 988 (2022: R351 483 328) Refer to note 10, Accrued income.

#### Municipality as principal

##### Resources (including assets and liabilities) of the entity under the custodianship of the agent

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 44 Grant and Subsidies Paid and note 52 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 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 44, Grant and Subsidies Paid and note 52 Related parties for further details.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated
<b>66. Cash flows from operating activities</b>				
<b>Sale of goods and services</b>				
Total revenue from Statement of Financial Performance	8 788 979 556	8 711 497 808	8 776 393 857	8 720 235 702
Less: Interest received - (exchange) 29	(262 739 040)	(152 553 075)	(261 622 032)	(151 831 293)
Less: Interest received - (non-exchange) 32	(85 675 639)	(54 304 838)	(85 675 639)	(54 304 838)
Less: Government grants and subsidies 33	(1 936 173 537)	(1 729 702 487)	(1 925 040 153)	(1 739 305 650)
Less: Public contributions and donations (non-cash item)	(4 160 425)	-	(4 160 425)	-
Movement in receivables from exchange transactions 48	(821 203 417)	(1 091 925 388)	(831 187 282)	(1 086 958 572)
Movement in receivables from non-exchange transactions 48	(363 578 488)	(370 327 341)	(363 578 488)	(370 327 341)
	<b>5 315 449 010</b>	<b>5 312 684 679</b>	<b>5 305 129 838</b>	<b>5 317 508 008</b>
<b>Government grants and subsidies</b>				
Government grants and subsidies 33	1 936 173 537	1 729 702 487	1 925 040 153	1 739 305 650
Movement in unspent conditional grant 48	(28 306 652)	16 481 431	(20 480 652)	9 606 898
	<b>1 907 866 885</b>	<b>1 746 183 918</b>	<b>1 904 559 501</b>	<b>1 748 912 548</b>
<b>Employee costs &amp; Councillors remuneration</b>				
Employee related costs 35	(2 476 159 013)	(2 535 946 820)	(2 432 021 251)	(2 512 381 060)
Councillors remuneration 36	(69 219 711)	(69 153 266)	(66 749 188)	(66 495 905)
Movement in post-retirement medical aid benefit obligation 48	(80 157 000)	67 661 000	(80 157 000)	67 661 000
Movement in bonus provision 19	(1 749 013)	(698 752)	(1 098 242)	(86 165)
	<b>(2 627 284 737)</b>	<b>(2 538 137 838)</b>	<b>(2 580 025 681)</b>	<b>(2 511 302 130)</b>
<b>Suppliers and other payments</b>				
Total expenditure as per the Statement of Financial Performance	(9 062 973 477)	(9 123 299 467)	(9 033 398 157)	(9 132 614 553)
Less: Employee related costs 35	2 476 159 013	2 535 946 820	2 432 021 251	2 512 381 060
Less: Councillors remuneration 36	69 219 711	69 153 266	66 749 188	66 495 905
Less: Finance costs 38	16 075 060	20 684 494	16 074 877	20 684 493
Less: Depreciation and amortisation 37	1 846 054 391	1 589 630 595	1 845 224 932	1 588 519 227
Less: Debt Impairment 40	897 827 765	1 338 506 415	897 827 765	1 338 506 415
Less: Impairment deficit 48	26 356	3 005	-	-
Movement in other provisions 19	1 059 600	58 823 722	183 128	52 037 749
Movement in prepayments 48	104 436	(6 832)	-	-
Movements in operating lease liability 48	20 947	(31 036)	-	-
Movement in trade payables from exchange transactions 48	293 747 740	29 365 618	280 103 311	38 382 768
Movement in inventory 48	(6 798 041)	(7 603 951)	(6 798 027)	(7 603 951)
Movement in consumer deposits 48	3 823 064	5 567 318	3 823 064	5 567 318
Non-cash adjustments 48	-	(210 103 984)	-	(211 006 074)
	<b>(3 465 653 435)</b>	<b>(3 693 364 017)</b>	<b>(3 498 188 668)</b>	<b>(3 728 649 643)</b>

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 67. 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:

- 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 LA Retirement Fund's last actuarial valuation was at 30 June 2022 conducted by S. Neethling from Momentum Consultants and Actuaries. The fund was in a sound financial condition with a funding level of 100%.

The Consolidated Retirement Fund's last actuarial valuation was at 30 June 2022 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 2022 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% at valuation date.

The Government Employees Pension Fund's last valuation was at 31 March 2021 conducted by AR. Pienaar of Alexander Forbes Financial Services who confirmed that the fund was in a sound financial condition.

Municipal Worker's Retirement Fund (previously known as SAMWU National Provident Fund) last actuarial valuation was at 30 June 2020 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 2020.

The SALA Pension Fund's last valuation was at 01 July 2021 conducted by J.F. Rosslee of ARGEN Actuarial Solutions. The fund was 85.5% funded as at the current 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 Municipal Worker's last Actuarial Valuation was at 30 June 2021 and prepared by G. Grobler from Alexander Forbes Financial Services who confirmed that the fund continues to be able to meet its 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 R23,2 million.

An amount of R424.1 million (2022: R420.1 million) was contributed by Council, Councillors' and employees' in respect of Councillor and employee retirement funding. These contributions have been expensed.

# Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022 *Restated	2023	2022 *Restated

### 68. 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	2023	2022
C.C Mandleni		Filing clerk	-	2 297 749
Z. Nkopo		Technician	-	119 128
L. Boya		Communication Officer	2 517 906	2 255 485
M. Mqikela		Skills development	2 670 414	1 032 249
S. Mxesibe		Geomatics Technician	245 916	-
C.F. Stoffels		Informal contract	4 209 569	2 723 524
A. Qwede		Office Manager	107 266	42 243
H.C. Prince		Administrative officer	466 628	340 957
Z. Gqokoza		Equipment operator	143 187	333 385
S.C. Nkubungu		Project Manager	1 192 774	436 623
S. Sopazi		Staff accounts	165 273	143 092
Z. Mkwanti		Artisan Assistant	171 325	362 907
K. Somdaka		Office Manager	392 255	-
S. Xoki		Chief risk officer	3 623 857	-
A. Fredericks		Senior meter reader	159 522	-
Z. Ndzondo		Bid Secretariat	9 717 529	1 739 238
A. Ceba		BCX Director	19 995 211	13 563 133
T. Goba		Director	4 050 168	9 453 565
J.S.P. Matsebula		Director	773 975	968 445
K.P. Mfene		Admin clerk	58 300	52 200
H. Nazir		Teacher	699 575	680 000
A. Gunyazile		BCMM Councillor	-	12 745
N. Mbali Majeng		Director - Spatial Planning and Development	163 000	-
V. Zitumane	BCMDA Board member		4 082 851	4 280 236
			<b>55 606 501</b>	<b>40 836 904</b>



Buffalo City Metropolitan Municipality  
Audited Annual Financial Statements  
for the year ended 30 June 2023



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Legal form of municipality</b>	Municipality
<b>Nature of business and principal activities</b>	Local Government
<b>Jurisdiction</b>	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, Gompo, Zwelitsha, Dimbaza, Phakamisa, Ndevana, Iliitha, Ginsberg and the surrounding rural areas.
<b>Mayoral committee</b>	
Executive Mayor	Councillor P. Faku
Councillors	Councillor M. Mfazwe - Human Settlements Councillor S. Matwele - Spatial Planning & Development Councillor N. Maxongo - Financial Services Councillor S. Ntsasela - Economic Development & Agencies Councillor H. Neale-May - Health, Public Safety and Emergency Services Councillor Y. Tyali - Infrastructure Services Councillor G. Lottering - Sports, Recreation and Community Development Councillor N.C. Tom - Corporate Services Councillor C. Yekiso-Morolong - Solid Waste and Environmental Management
<b>Grading of local authority</b>	Grade 6 Municipality
<b>City Manager / Accounting Officer</b>	Mr. M. Yawa
<b>Acting Chief Financial Officer (ACFO)</b>	Mr. A. Xoseka
<b>Business address</b>	Trust Centre Oxford Street East London 5201
<b>Postal address</b>	PO Box 134 East London 5200
<b>Bankers</b>	Standard Bank
<b>Auditors</b>	Auditor General of South Africa
<b>Members of the Audit Committee</b>	Mr. S. Ngqwala (Chairperson) - appointment 04 September 2020 Mr. S. Maharaj (Member) - appointment 04 September 2020 Mr. L. Ngqongwa (Member) - appointment 04 September 2020 Mr. T. Zororo (Member) - appointment 04 September 2020 Ms. T. Maqwati-Naku (Member) - appointment 04 September 2020 Ms. L. Hini - appointment 04 September 2020 - resigned 03 August 2022
<b>Legislation Governing the Municipality</b>	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 Annual Financial Statements for the year ended 30 June 2023

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The reports and statements set out below comprise the audited annual financial statements presented to the Council:

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### Abbreviations used:

BCMDA	Buffalo City Metropolitan Development Agency
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited annual financial statements fairly present the state of affairs of the municipality 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 annual financial statements and are given unrestricted access to all financial records and related data.

The audited 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 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 municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on National and Provincial government for continued funding of operations. The audited annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The accounting officer are primarily responsible for the financial affairs of the municipality, and is supported by the municipality's Senior management team.

The audited annual financial statements set out on page 4 - 102, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023.

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**Accounting Officer**  
**M. Yawa**

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	8	50 806 436	44 147 385
Receivables from non-exchange transactions	9&11	894 752 505	830 255 495
Receivables from exchange transactions	10&11	2 071 596 850	1 839 155 855
Cash and cash equivalents	12	659 988 423	677 023 479
		<b>3 677 144 214</b>	<b>3 390 582 214</b>
<b>Non-Current Assets</b>			
Investment property	3	460 264 600	451 397 500
Property, plant and equipment	4	24 868 978 200	24 463 780 219
Intangible assets	5	8 305 760	10 070 513
Heritage assets	6	50 513 440	50 513 440
Investments in associates	7	686 174 352	706 317 270
		<b>26 074 236 352</b>	<b>25 682 078 942</b>
<b>Total Assets</b>		<b>29 751 380 566</b>	<b>29 072 661 156</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Borrowings	16	50 157 564	49 140 563
Trade payables from exchange transactions	18	1 875 550 444	1 595 447 134
Consumer deposits	21	83 616 487	79 793 423
Employee benefit obligation	14	59 370 000	29 148 000
Unspent conditional grants and receipts	15	253 824 888	274 305 540
Provisions	17	386 208 154	377 786 640
		<b>2 708 727 537</b>	<b>2 405 621 300</b>
<b>Non-Current Liabilities</b>			
Borrowings	16	88 696 244	138 853 808
Employee benefit obligation	14	715 349 000	825 728 000
Provisions	17	89 746 342	99 082 969
		<b>893 791 586</b>	<b>1 063 664 777</b>
<b>Total Liabilities</b>		<b>3 602 519 123</b>	<b>3 469 286 077</b>
<b>Net Assets</b>		<b>26 148 861 443</b>	<b>25 603 375 079</b>
Reserves			
Revaluation reserve	13	15 522 625 351	14 709 129 236
Accumulated surplus		10 626 236 092	10 894 245 843
<b>Total Net Assets</b>		<b>26 148 861 443</b>	<b>25 603 375 079</b>

\* See Note 50

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	23	3 766 314 630	4 204 603 295
Rental of facilities and equipment	24	24 500 929	20 426 976
Agency services	25	21 870 747	23 878 654
Other revenue - (exchange)	26	74 995 184	65 937 673
Interest received	27	261 622 032	151 831 293
<b>Total revenue from exchange transactions</b>		<b>4 149 303 522</b>	<b>4 466 677 891</b>
<b>Revenue from non-exchange transactions</b>			
Property rates	28	1 791 370 242	1 698 669 109
Licences and Permits (Non-exchange)	29	12 216 036	12 114 951
Interest (non-exchange)	30	85 675 639	54 304 838
Government grants & subsidies	31	1 925 040 153	1 739 305 650
Other revenue - (non-exchange)	32	82 451 262	82 262 940
Public contributions and donations	22	4 160 425	2 293 545
Fines	22	6 973 578	12 407 778
Fuel levy	22	719 203 000	652 199 000
<b>Total revenue from non-exchange transactions</b>		<b>4 627 090 335</b>	<b>4 253 557 811</b>
<b>Total revenue</b>	22	<b>8 776 393 857</b>	<b>8 720 235 702</b>
<b>Expenditure</b>			
Employee related costs	33	(2 432 021 251)	(2 512 381 060)
Remuneration of councillors	34	(66 749 188)	(66 495 905)
Depreciation and amortisation	35	(1 845 224 932)	(1 588 519 227)
Finance costs	36	(16 074 877)	(20 684 493)
Debt Impairment	38	(897 827 765)	(1 338 506 415)
Bulk purchases	39	(2 206 834 982)	(2 169 309 617)
Repairs and maintenance	40	(444 632 522)	(411 018 988)
Contracted services	41	(267 349 484)	(211 720 688)
Grants and subsidies paid	42	(137 494 884)	(127 899 386)
General expenses	43	(719 188 272)	(686 078 774)
<b>Total expenditure</b>		<b>(9 033 398 157)</b>	<b>(9 132 614 553)</b>
<b>Operating deficit</b>		<b>(257 004 300)</b>	<b>(412 378 851)</b>
Gain/(loss) on disposal of assets	4	409 343	470 508
Fair value adjustments	44	8 867 100	15 348 500
Share of surpluses or (deficits) from associates	7	(20 142 918)	29 868 763
Inventories losses/write-downs	8	(138 990)	(502 895)
		<b>(11 005 465)</b>	<b>45 184 876</b>
<b>Deficit for the year</b>		<b>(268 009 765)</b>	<b>(367 193 975)</b>

\* See Note 50

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	11 603 155 423	11 466 059 522	23 069 214 945
Adjustments			
Prior year adjustments 50	30 551 746	(204 619 704)	(174 067 958)
<b>Balance at 01 July 2021 as restated*</b>	<b>11 633 707 169</b>	<b>11 261 439 818</b>	<b>22 895 146 987</b>
Changes in net assets			
(Deficit) for the year	-	(367 193 975)	(367 193 975)
Revaluation	3 028 336 712	-	3 028 336 712
Prior period error	47 085 355	-	47 085 355
Total changes	3 075 422 067	(367 193 975)	2 708 228 092
<b>Restated* Balance at 01 July 2022</b>	<b>14 709 129 236</b>	<b>10 894 245 857</b>	<b>25 603 375 093</b>
Changes in net assets			
Revaluation	813 496 115	-	813 496 115
Net income (losses) recognised directly in net assets	813 496 115	-	813 496 115
(Deficit) for the year	-	(268 009 765)	(268 009 765)
Total recognised income and expenses for the year	813 496 115	(268 009 765)	545 486 350
Total changes	813 496 115	(268 009 765)	545 486 350
<b>Balance at 30 June 2023</b>	<b>15 522 625 351</b>	<b>10 626 236 092</b>	<b>26 148 861 443</b>
Note(s)	13	50	

\* See Note 50

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services	63	5 305 129 838	5 317 508 008
Government grants and subsidies	63	1 904 559 501	1 748 912 548
Interest income	30&27	347 297 671	206 136 131
		<u>7 556 987 010</u>	<u>7 272 556 687</u>
<b>Payments</b>			
Employee costs & Councillors remuneration	63	(2 580 025 680)	(2 511 302 130)
Suppliers and other payments	63	(3 498 188 668)	(3 728 649 643)
Finance costs	36	(16 074 877)	(20 684 493)
		<u>(6 094 289 225)</u>	<u>(6 260 636 266)</u>
<b>Net cash flows from operating activities</b>	45	<b><u>1 462 697 785</u></b>	<b><u>1 011 920 421</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(1 443 034 852)	(1 417 048 814)
Proceeds from sale of property, plant and equipment	4	12 643 777	1 263 980
Purchase of other intangible assets	5	(201 202)	-
<b>Net cash flows from investing activities</b>		<b><u>(1 430 592 277)</u></b>	<b><u>(1 415 784 834)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(49 140 563)	(45 190 556)
<b>Net cash flows from financing activities</b>		<b><u>(49 140 563)</u></b>	<b><u>(45 190 556)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(17 035 055)</u></b>	<b><u>(449 054 969)</u></b>
Cash and cash equivalents at the beginning of the year		677 023 479	1 126 078 448
<b>Cash and cash equivalents at the end of the year</b>	12	<b><u>659 988 424</u></b>	<b><u>677 023 479</u></b>

\* See Note 50

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand

	Original budget	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)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>2023</b>											
<b>Financial Performance</b>											
Property rates	1 958 216 274	-	1 958 216 274	-		1 958 216 274	1 791 370 242		(166 846 032)	91 %	
Service charges	4 253 303 496	(80 000 000)	4 173 303 496	-		4 173 303 496	3 766 314 630		(406 988 866)	90 %	
Investment revenue	30 239 433	-	30 239 433	-		30 239 433	46 542 839		16 303 406	154 %N1	
Transfers recognised - operational	1 314 276 380	30 493 034	1 344 769 414	-		1 344 769 414	1 192 438 619		(152 330 795)	89 %N2	
Other own revenue	1 164 050 791	58 237 692	1 222 288 483	-		1 222 288 483	1 252 242 011		29 953 528	102 %	
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>8 720 086 374</b>	<b>8 730 726</b>	<b>8 728 817 100</b>	-		<b>8 728 817 100</b>	<b>8 048 908 341</b>		<b>(679 908 759)</b>	<b>92 %</b>	
Employee costs	(2 654 517 434)	106 419 219	(2 548 098 215)	-		(2 548 098 215)	(2 432 021 251)		116 076 964	95 %	
Remuneration of councillors	(70 262 860)	-	(70 262 860)	-		(70 262 860)	(66 749 188)		3 513 672	95 %	
Debt impairment	(1 211 246 355)	-	(1 211 246 355)			(1 211 246 355)	(897 827 765)		313 418 590	74 %N3	
Depreciation and asset impairment	(1 825 649 306)	(21 417 442)	(1 847 066 748)			(1 847 066 748)	(1 845 224 932)		1 841 816	100 %	
Finance charges	(49 356 211)	20 605 608	(28 750 603)	-		(28 750 603)	(16 074 877)		12 675 726	56 %N4	
Bulk purchases	(2 434 214 099)	167 807 607	(2 266 406 492)	-		(2 266 406 492)	(2 206 834 982)		59 571 510	97 %	
Transfers and grants	(170 335 760)	(17 888 074)	(188 223 834)	-		(188 223 834)	(137 494 884)		50 728 950	73 %N5	
Other expenditure	(1 515 511 873)	(120 436 119)	(1 635 947 992)	-		(1 635 947 992)	(1 431 309 268)		204 638 724	87 %N6	
<b>Total expenditure</b>	<b>(9 931 093 898)</b>	<b>135 090 799</b>	<b>(9 796 003 099)</b>	-		<b>(9 796 003 099)</b>	<b>(9 033 537 147)</b>		<b>762 465 952</b>	<b>92 %</b>	
<b>Surplus/(Deficit)</b>	<b>(1 211 007 524)</b>	<b>143 821 525</b>	<b>(1 067 185 999)</b>	-		<b>(1 067 185 999)</b>	<b>(984 628 806)</b>		<b>82 557 193</b>	<b>92 %</b>	



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
Transfers recognised - capital	734 875 340	(4 163 224)	730 712 116	-		730 712 116	732 601 534		1 889 418	100 %	
Contributions recognised - capital and contributed assets	-	-	-	-		-	4 160 425		4 160 425	- %N7	
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(476 132 184)</b>	<b>139 658 301</b>	<b>(336 473 883)</b>	<b>-</b>		<b>(336 473 883)</b>	<b>(247 866 847)</b>		<b>88 607 036</b>	<b>74 %</b>	
Share of surplus (deficit) of associate	-	-	-	-		-	(20 142 918)		(20 142 918)	- %N8	
<b>Surplus/(Deficit) for the year</b>	<b>(476 132 184)</b>	<b>139 658 301</b>	<b>(336 473 883)</b>	<b>-</b>		<b>(336 473 883)</b>	<b>(268 009 765)</b>		<b>68 464 118</b>	<b>80 %N9</b>	

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>Capital expenditure and funds sources</b>											
<b>Sources of capital funds</b>											
Transfers recognised - capital	734 875 340	(4 163 224)	730 712 116	-		730 712 116	732 601 534		1 889 418	100 %	
Borrowing	732 614 380	(732 614 380)	-	-		-	-		-		
Internally generated funds	617 732 520	42 294 037	660 026 557	-		660 026 557	729 410 196		69 383 639	111 %N10	
<b>Total sources of capital funds</b>	<b>2 085 222 240</b>	<b>(694 483 567)</b>	<b>1 390 738 673</b>	<b>-</b>		<b>1 390 738 673</b>	<b>1 462 011 730</b>		<b>71 273 057</b>	<b>105 %</b>	
<b>Financial position</b>											
<b>Sources of capital funds</b>											
Total current assets	3 523 575 342	122 944 930	3 646 520 272	-		3 646 520 272	3 677 144 214		30 623 942	101 %	
Total non-current assets	24 116 802 868	(700 901 008)	23 415 901 860	-		23 415 901 860	26 074 236 352		2 658 334 492	111 %N11	
Total current liabilities	(1 857 153 430)	-	(1 857 153 430)	-		(1 857 153 430)	(2 708 727 537)		(851 574 107)	146 %N12	
Total non-current liabilities	(2 254 275 609)	732 614 380	(1 521 661 229)	-		(1 521 661 229)	(893 791 586)		627 869 643	59 %N13	
<b>Community wealth/Equity</b>	<b>23 528 949 171</b>	<b>154 658 302</b>	<b>23 683 607 473</b>	<b>-</b>		<b>23 683 607 473</b>	<b>26 148 861 443</b>		<b>2 465 253 970</b>	<b>110 %</b>	

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## 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 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Reference
<b>Cash flows</b>											
Net cash from (used) operating	1 036 755 062	81 075 745	1 117 830 807	-		1 117 830 807	1 462 697 785		344 866 978	131 %	N14
Net cash from (used) investing	(2 085 222 240)	694 483 567	(1 390 738 673)	-		(1 390 738 673)	(1 430 592 277)		(39 853 604)	103 %	
Net cash from (used) financing	677 963 941	(732 614 380)	(54 650 439)	-		(54 650 439)	(49 140 563)		5 509 876	90 %	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(370 503 237)</b>	<b>42 944 932</b>	<b>(327 558 305)</b>	<b>-</b>		<b>(327 558 305)</b>	<b>(17 035 055)</b>		<b>310 523 250</b>	<b>5 %</b>	
Cash and cash equivalents at the beginning of the year	1 251 626 065	-	1 251 626 065	-		1 251 626 065	677 023 479		(574 602 586)	54 %	
<b>Cash and cash equivalents at year end</b>	<b>881 122 828</b>	<b>42 944 932</b>	<b>924 067 760</b>	<b>-</b>		<b>924 067 760</b>	<b>659 988 424</b>		<b>264 079 336</b>	<b>71 %</b>	<b>N15</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

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Reasons for material variances shown on the Statement of Comparison of Budget and Actual Amounts are detailed below:

- N1 - (Investment revenue) – Interest rate on call investments and bank is more due to increase in repo rate in the current year which yields greater return on investments.
- N2 - (Transfers recognised - operational) – The variance is caused by revenue 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.
- N3 - (Debt impairment) – The primary reason for the variance is that the growth in debtors is less than in previous years due to the City stopping the implementation of the water punitive tariffs as resolved by Council.
- N4 - (Finance charges) - The City has not taken any new loans that would attract finance costs. The current repayment contributes to a huge reduction in finance costs and an increase in the capital portion repayment on the amortization schedule.
- N5 - (Transfers and grants) - The variance is mainly as a result of European Union (GBS) funds of R33 Million that were set to be received by BCMDA. The funds are only released after a submission of an application to National Treasury to claim the funds. In the 2022/2023 BCMDA never submitted the claim and therefore the R33 million could not be transferred to BCMDA as budgeted by the Metro. Furthermore, Neighbourhood Partnership Grant could not be fully spent as a result of lengthy procurement processes for procuring programme resources and difficulty in acquiring land for construction of buy back centres.
- N6 - (Other expenditure) – The variance is mainly caused by expenditure 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.
- N7 - (Contributions recognised - capital and contributed assets) – This is due to external parties donating assets to the municipality.
- N8 - (Share of surplus (deficit) of associate) – There was a deficit realised by the East London Industrial Development Zone at 26% share price held by Buffalo City Metropolitan Municipality resulting in R20 142 918 deficit for the year ended June 2023.
- N9 - (Surplus/(Deficit) for the year) - The increase in billed debtors from 2021 has resulted in a commensurate increase in non-cash expenditure such as the contribution to debt impairment and depreciation.
- N10 - Internally generated funds) - This relates to projects that were initially funded by other sources of funding but due to unforeseen circumstances during the financial year these projects ended up being funded by internally generated funds.
- N11 - (Total non-current assets) - There was an increase on revaluation of assets at year end and the new acquisition of assets made.
- N12 - (Total current liabilities) - 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 year.
- N13 - (Total non-current liabilities) - Provision for employee benefits obligations and borrowings have decreased
- N14 - (Net cash from (used) operating) - The variance is mainly due to underperformance on sale of services for 2022/23. Factors contributing to this include increased unemployment. This continues to hamper collection of revenue for the City.
- N15 - (Cash and cash equivalents at year-end) - The City's collection rate decreased in the year under review, however, expenditure continued to increase, more specifically on capital expenditure, thus dipping into the invested reserves.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1. Presentation of Audited Annual Financial Statements

The audited 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 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 annual financial statements, are disclosed below;.

#### 1.1 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the municipality 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 annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited 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 annual financial statements. Significant judgements include:

##### **Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality 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 municipality 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 9.

##### **Fair value estimation**

The valuation of assets is based on management's estimation based on the valuation techniques and market information available. The actual value of assets could differ from the estimate.

Fair value estimates requires management to make certain assumptions which are also subject to change.

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 municipality for similar financial instruments.

##### **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 municipality 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.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### 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 17 - Provisions.

#### Useful lives and residual values of assets

The municipality'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.

The estimation of residual values of assets is based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

#### Employee benefit obligation

The present value of the post-retirement obligation and other employee benefit obligations 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 and other employee benefit obligations.

The municipality 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 municipality 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 employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 14.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### 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 municipality 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.

The municipality receives rental income from investment property. Commercial return from positive cash flows are not expected to be significantly higher than the cost of the asset.

Management assessed this as immaterial and regards all assets to meet the definition of non-cash generating assets.

#### Service charges

Service Charges relating to electricity and water are based on consumption. Estimates are raised where actual readings cannot be taken and these are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. Waste removal is based on the size of the bin and the number of times it is collected. Waste Water is based on the size of the erf for residential Customers. For Business Customers, an area charge plus a charge per pan, including, where applicable a Trade Effluent charge is raised based on water consumption. All Service Charges are billed on a monthly basis.

### 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.

# Buffalo City Metropolitan Municipality

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### 1.3 Investment property (continued)

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 municipality, 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 municipality 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 municipality 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 municipality 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 municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality 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.

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 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.

# Buffalo City Metropolitan Municipality

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### 1.4 Property, plant and equipment (continued)

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 municipality 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.

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:

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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.



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### 1.4 Property, plant and equipment (continued)

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 municipality 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 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 municipality 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 municipality.

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 municipality 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 a municipality 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 a municipality 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 municipality 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 municipality; 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

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### 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:

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Item	Amortisation method	Average useful life
Computer software	Straight-line	3 to 10

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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 a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

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 a municipality's operations that is shown as a single item for the purpose of disclosure in the audited 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

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### 1.7 Heritage assets (continued)

#### Recognition

The municipality 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 municipality, and the cost or fair value of the asset can be measured reliably.

If a municipality 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 municipality assesses at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the municipality 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 municipality 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

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### 1.8 Interests in other entities

#### Investments in associates

An associate is an entity over which the municipality 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 municipality 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 municipality is no longer able to exercise significant influence over the associate, the equity method of accounting is discontinued.

The municipality 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 municipality 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 municipality 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 municipality 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 municipality.

#### 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 municipality as investor's share of the surplus or deficit of the investee after the date of acquisition. The municipality as investor's share of the investee's surplus or deficit is recognised in the municipality 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 municipality 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 municipality as investor's share of those changes is recognised in net assets of the municipality 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 municipality 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.

# Buffalo City Metropolitan Municipality

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## Accounting Policies

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### 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
- 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 20:

<b>Class</b>	<b>Category</b>
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 municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position and in note 20:

<b>Class</b>	<b>Category</b>
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	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

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### 1.9 Financial instruments (continued)

#### Initial recognition

The municipality 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 municipality 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 municipality 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 municipality 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 municipality 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 municipality 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 when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The municipality 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.

# Buffalo City Metropolitan Municipality

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## Accounting Policies

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### 1.9 Financial instruments (continued)

#### 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 municipality 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 municipality 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 municipality 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 municipality does not offset the transferred asset and the associated liability.

### 1.10 Statutory receivables

#### Initial and subsequent measurement

The municipality 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.

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions, whichever is applicable.

#### Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

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### 1.10 Statutory receivables (continued)

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### 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 municipality 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
- 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.



# Buffalo City Metropolitan Municipality

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### 1.12 Inventories (continued)

Current replacement cost is the cost the municipality 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 municipality.

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 municipality 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 municipality estimates the recoverable service amount of the asset.

#### 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 municipality 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.

# Buffalo City Metropolitan Municipality

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### 1.13 Impairment of non-cash-generating assets (continued)

#### 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 municipality 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 municipality 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 municipality 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.

#### Re-designation

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 a municipality in exchange for service rendered by employees.

The municipality provides short term benefits, long term benefits and retirement benefits for its employees.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### 1.14 Employee benefits (continued)

#### 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 municipality during a reporting period, the municipality 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 municipality 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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality 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 municipality 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 a municipality provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (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 64;

When an employee has rendered service to the municipality during a reporting period, the municipality 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, a municipality 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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### 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 municipality 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 municipality (a fund) that is legally separate from the reporting municipality 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 municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality 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 municipality 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 municipality 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality'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 municipality 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 municipality 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 annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality 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).
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# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### 1.14 Employee benefits (continued)

The municipality 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, a municipality 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, a municipality 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 municipality 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 municipality 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 municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality 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.

### 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 municipality 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.

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# Buffalo City Metropolitan Municipality

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## Accounting Policies

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### 1.15 Provisions and contingencies (continued)

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 municipality 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 a municipality 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 48.

### 1.16 Commitments

Items are classified as commitments when the municipality 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 municipality 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 46)

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

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

#### Measurement

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

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.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Revenue from exchange transactions (continued)

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality 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 municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 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 municipality;
- 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 municipality 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 municipality, 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 a municipality, 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 municipality 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.

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

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

# Buffalo City Metropolitan Municipality

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## Accounting Policies

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### 1.18 Revenue from non-exchange transactions (continued)

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

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

#### Recognition

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

As the municipality 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 municipality.

When, as a result of a non-exchange transaction, the municipality 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

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

#### Transfers

The municipality 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 municipality recognise 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, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Fines

Fines are economic benefits or service potential received or receivable by the municipality, 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 municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

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 municipality, 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 municipality and the fair value of the assets can be measured reliably.



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### 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 a municipality 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 municipality (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 municipality (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether a municipality is a principal or an agent

When the municipality 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 a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another municipality or for its own benefit.

#### Binding arrangement

The municipality 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 municipality benefits from the transactions with third parties

When the municipality 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 municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality 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 municipality 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 municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, 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 municipality, 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 municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

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### 1.22 Comparative figures

When the presentation or classification of items in the annual financial statements is amended due to better presentation and/or better understand ability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 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.

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 and identified. 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.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality 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

Municipality 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 municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget for the economic municipality 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 municipality. (Refer to note 49)

### 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 municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality 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 municipality 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 19)

### 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.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.34 Segment information (continued)

#### 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 Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandated for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>Guideline: Guideline on Accounting for Landfill Sites</li></ul>	01 April 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>GRAP 103 (as revised): Heritage Assets</li></ul>	Not yet set	Impact is currently being assessed
<ul style="list-style-type: none"><li>GRAP 25 (as revised): Employee Benefits</li></ul>	01 April 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction</li></ul>	01 April 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>Guideline: Guideline on the Application of Materiality to Financial Statements</li></ul>	Not yet set	Impact is currently being assessed
<ul style="list-style-type: none"><li>GRAP 104 (as revised): Financial Instruments</li></ul>	01 April 2025	Impact is currently being assessed
<ul style="list-style-type: none"><li>iGRAP 21: The Effect of Past Decisions on Materiality</li></ul>	01 April 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>Improvements to the standards of GRAP (Year 2020)</li></ul>	01 April 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>GRAP 1 (amended): Presentation of Financial Statements</li></ul>	01 April 2023	Impact is currently being assessed

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
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### 3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	460 264 600	-	460 264 600	451 397 500	-	451 397 500

#### Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	451 397 500	8 867 100	460 264 600

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	436 049 000	15 348 500	451 397 500

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 municipality.

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 R444 632 522 , (2022: R411 018 988) including repairs and maintenance expenses on investment properties. Refer to repairs and maintenance note 40 and commitments note 47.

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 municipality is on the fair value (FV) model of measuring Investment Property.

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 R17 236 586, (2022: R15 510 529).

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	84 478 976	-	84 478 976	84 478 976	-	84 478 976
Plant and machinery	153 158 742	(107 672 101)	45 486 641	167 382 945	(112 856 176)	54 526 769
Furniture and fixtures	303 056 484	(206 059 390)	96 997 094	298 220 454	(184 235 618)	113 984 836
Motor vehicles	648 333 139	(359 451 818)	288 881 321	644 747 703	(343 557 259)	301 190 444
Electricity infrastructure	12 674 500 947	(8 600 518 038)	4 073 982 909	12 644 308 016	(8 259 337 211)	4 384 970 805
Other property (halls, social housing)	2 777 552 126	(1 198 142 144)	1 579 409 982	2 674 778 040	(1 104 550 571)	1 570 227 469
Work in progress (WIP)	4 676 640 328	-	4 676 640 328	4 120 008 872	-	4 120 008 872
Recreational facilities	936 539 628	(671 379 971)	265 159 657	913 659 315	(631 950 015)	281 709 300
Roads	17 167 128 836	(10 548 714 282)	6 618 414 554	16 135 518 123	(9 764 500 590)	6 371 017 533
Wastewater network	5 982 353 849	(3 702 221 375)	2 280 132 474	5 939 627 592	(3 565 513 431)	2 374 114 161
Water network	8 655 969 578	(5 014 368 863)	3 641 600 715	8 349 989 614	(4 766 178 686)	3 583 810 928
Community buildings	2 732 291 798	(1 514 498 249)	1 217 793 549	2 621 082 887	(1 397 342 761)	1 223 740 126
<b>Total</b>	<b>56 792 004 431</b>	<b>(31 923 026 231)</b>	<b>24 868 978 200</b>	<b>54 593 802 537</b>	<b>(30 130 022 318)</b>	<b>24 463 780 219</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	84 478 976	-	-	-	-	-	84 478 976
Plant and machinery	54 526 769	3 147 886	-	(391 166)	-	(11 796 848)	45 486 641
Furniture and fixtures	113 984 836	14 589 450	-	(466 436)	-	(31 110 756)	96 997 094
Motor vehicles	301 190 444	38 949 467	-	(11 376 832)	-	(39 881 758)	288 881 321
Electricity infrastructure	4 384 970 805	-	125 860 896	-	(95 667 969)	(341 180 823)	4 073 982 909
Other property (halls, social housing)	1 570 227 469	-	57 471 552	-	48 633 438	(96 922 477)	1 579 409 982
Work in progress (WIP)	4 120 008 872	1 390 508 474	(833 877 018)	-	-	-	4 676 640 328
Recreational facilities	281 709 300	-	9 627 909	-	13 252 405	(39 429 957)	265 159 657
Roads	6 371 017 533	-	421 962 993	-	609 647 707	(784 213 679)	6 618 414 554
Wastewater network	2 374 114 161	-	60 295 840	-	(20 900 488)	(133 377 039)	2 280 132 474
Water network	3 583 810 928	-	92 382 625	-	213 597 340	(248 190 178)	3 641 600 715
Community buildings	1 223 740 126	-	66 275 203	-	44 933 682	(117 155 462)	1 217 793 549
	<b>24 463 780 219</b>	<b>1 447 195 277</b>	<b>-</b>	<b>(12 234 434)</b>	<b>813 496 115</b>	<b>(1 843 258 977)</b>	<b>24 868 978 200</b>



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	84 478 976	-	-	-	-	-	84 478 976
Plant and machinery	60 825 616	5 462 055	-	(30 041)	-	(11 730 861)	54 526 769
Furniture and fixtures	128 358 268	14 762 035	-	(162 411)	-	(28 973 056)	113 984 836
Motor vehicles	323 435 768	15 937 147	-	(172 821)	-	(38 009 650)	301 190 444
Electricity infrastructure	3 924 518 523	-	273 296 803	(428 199)	484 039 399	(296 455 721)	4 384 970 805
Other property (halls, social housing)	1 343 139 888	-	115 700 204	-	195 554 692	(84 167 315)	1 570 227 469
Work in progress (WIP)	3 674 907 141	1 380 887 577	(935 785 846)	-	-	-	4 120 008 872
Recreational facilities	262 348 504	-	3 843 059	-	49 837 163	(34 319 426)	281 709 300
Roads	5 583 941 980	-	286 167 651	-	1 162 686 887	(661 778 985)	6 371 017 533
Wastewater network	2 197 274 440	-	29 074 280	-	266 935 582	(119 170 141)	2 374 114 161
Water network	2 899 620 452	-	187 542 370	-	710 507 423	(213 859 317)	3 583 810 928
Community buildings	1 075 872 011	-	40 161 479	-	205 860 926	(98 154 290)	1 223 740 126
	<b>21 558 721 567</b>	<b>1 417 048 814</b>	<b>-</b>	<b>(793 472)</b>	<b>3 075 422 072</b>	<b>(1 586 618 762)</b>	<b>24 463 780 219</b>

#### Proceeds on disposal of Property, plant and equipment

	2023	2022
Carrying value of Property, plant and equipment	12 234 434	793 472
Net gain/(loss) on disposal of assets	409 343	470 508
	<b>12 643 777</b>	<b>1 263 980</b>

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 40.

Refer to note 47 for committed expenditure.

The values were determined as 30 June 2023 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 Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 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.

No assets of the City were pledged as security and there are no restrictions on the assets's title deeds.

The City owns living animals which are used to deliver services. However, the cost of these animals are not material and is recognised as part of Other property, plant and equipment and not separately as per GRAP 110, Living and non-living resources.

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

	2023	2022
Buildings	296 912 466	251 991 595
Community facilities	422 208 797	415 408 865
Electricity	115 029 324	51 155 608
Other assets	422 939 851	524 431 677
Roads	2 051 873 178	1 693 880 159
Sanitation	750 267 850	735 047 722
Water supply	617 408 862	448 093 259
	<b>4 676 640 328</b>	<b>4 120 008 885</b>

The carrying values of all the projects that are taking significantly longer to complete as shown below 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/1315/2013	79 months	Illegal occupation on incomplete houses. National Covid-19 lockdowns..
BCMM/COO/HM/1384/2017	35 months	Late NHBRC approval. Late receipt of subsidy agreement. Contractor cashflow related problems.
BCMM/COO/HM/1299/2013	74 months	Land transfer from Department of Rural Development and Land Reform to BCMM.

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 municipality.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022  
\*Restated

### 5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	38 686 800	(30 381 040)	8 305 760	38 485 598	(28 415 085)	10 070 513

#### Reconciliation of intangible assets - 2023

Computer software	Opening balance	Additions	Amortisation	Total
	10 070 513	201 202	(1 965 955)	8 305 760

#### Reconciliation of intangible assets - 2022

Computer software	Opening balance	Amortisation	Total
	11 970 978	(1 900 465)	10 070 513

#### Other information

The City did not have any intangible assets/projects taking significantly longer to complete.

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 City.

None of the City's Intangible assets are restricted and or pledged as a security.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022  
\*Restated

### 6. Heritage assets

	2023			2022		
	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
<b>Total</b>	<b>50 513 440</b>	<b>-</b>	<b>50 513 440</b>	<b>50 513 440</b>	<b>-</b>	<b>50 513 440</b>

#### Reconciliation of heritage assets 2023

	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
	<b>50 513 440</b>	<b>50 513 440</b>

#### Reconciliation of heritage assets 2022

	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
	<b>50 513 440</b>	<b>50 513 440</b>

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 Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022			
			*Restated			
<b>7. Investment in associates</b>						
Name	Jurisdiction	Principal activity	% ownership interest	% ownership interest	Carrying amount 2023	Carrying amount 2022
			2023	2022		
East London Industrial Development Zone (Pty) Ltd		Development of East London's Industrial Development Zone.	26.00 %	26.00 %	686 174 352	706 317 270
					686 174 352	706 317 270
					686 174 352	706 317 270

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

### Movements in carrying amount

Opening balance	706 317 270	676 448 506
Other movement	(20 142 918)	29 868 763
	<b>686 174 352</b>	<b>706 317 270</b>

Investment in associate at 30 June 2023 amounted to R686 174 352 (2022: R706 317 270).

### 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	730 693 321	762 187 183
Total liabilities	(44 518 709)	(55 869 653)
Total equity	686 174 352	706 317 270
Share in surplus/(deficit) for the year	(20 142 918)	29 868 762
Surplus - opening balance	706 317 270	676 448 508

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 2022 to 31 March 2023.

Per Accounting Policy 1.8, the municipality 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 2022 - 31 March 2023.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>7. Investment in associates (continued)</b>		
<b>Interests in associates</b>		
<b>Material associates</b>		
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	
<b>Summarised financial information for the associate</b>		
Current assets	294 918 863	292 059 699
Non-current assets	2 515 440 063	2 639 429 465
Current liabilities	(171 225 804)	(214 883 279)
Revenue	475 091 045	568 864 498
Expenditure	(550 462 903)	(453 984 460)
Surplus or (deficit)	(77 472 763)	114 879 858
<b>8. Inventories</b>		
Electricity store (Electrical maintenance parts)	21 198 523	17 444 513
Workshop store (Mechanical maintenance parts)	511 756	423 982
Water store (Water maintenance parts)	9 660 148	8 536 768
Unsold water (Treated water in pipelines & reservoirs)	7 895 122	7 463 100
General stores (Chiselhurst, Mdantsane, KWT)	11 679 877	10 781 917
	50 945 426	44 650 280
Inventories (write-downs)	(138 990)	(502 895)
	<b>50 806 436</b>	<b>44 147 385</b>
<b>9. Receivables from non-exchange transactions</b>		
Other debtors	28 640 523	23 374 620
Traffic fines	253 081 624	272 165 361
Allowance for impairment - Traffic fines	(216 036 445)	(230 525 193)
Property rates	11 1 439 493 467	1 284 076 474
Allowance for impairment - Property rates	11 (769 989 168)	(668 085 699)
Other receivables (billing)	11 277 530 200	258 213 095
Allowance for impairment - Other receivables (billing)	11 (117 967 696)	(108 963 163)
	<b>894 752 505</b>	<b>830 255 495</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Property rates - Gross	1 439 493 467	1 284 076 474
Property rates - Impairment	(769 989 168)	(668 085 699)
Traffic fines - Gross	253 081 624	272 165 361
Traffic fines - Impairment	(216 036 445)	(230 525 193)
	<b>706 549 478</b>	<b>657 630 943</b>
Financial asset receivables included in receivables from non-exchange transactions above	20 <b>188 203 027</b>	<b>172 624 552</b>
<b>Total receivables from non-exchange transactions</b>	<b>894 752 505</b>	<b>830 255 495</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>9. Receivables from non-exchange transactions (continued)</b>		
<b>Traffic fines</b>		
Opening Balance - Total Outstanding Fines (Based on prior 3 years)	272 165 361	261 366 487
Less: Outstanding Fines in respect of prior third year	(66 234 022)	(71 772 208)
Total Traffic Fines Issued BCMM	67 657 340	100 577 050
Traffic Fines withdrawn, untraceable and uncollectable	(8 999 425)	(5 477 690)
Traffic Fines Paid	(11 507 630)	(12 528 278)
Total Outstanding Fines	<b>253 081 624</b>	<b>272 165 361</b>
Impairment (Based on a probability collection factor of approx. 15% - 2023 and 15% - 2022)	(216 036 445)	(230 525 193)
	<b>37 045 179</b>	<b>41 640 168</b>

### Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due, nor impaired can be assessed by previous payments and collection trends, and any other default information.

### Receivables from non-exchange transactions impaired

As of 30 June 2023, other receivables from non-exchange transactions of R (887 956 866) (2022: R (777 048 864)) were impaired and provided for.

The amount of the contribution to impairment was R(310 827 450) (2022: R(326 154 769))

Amounts totalling R199 919 448 (2022: R79 730 229) were written off as uncollectable against the debt impairment allowance account. This represents 2% (2022: 1%) of the total operating income for the year.

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.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>9. Receivables from non-exchange transactions (continued)</b>		
<b>Statutory receivable disclosure</b>		
<b>Property rates - Gross ageing</b>		
Current (0 -30 days)	136 593 146	163 152 823
31 - 60 days	62 139 174	61 079 493
61 - 90 days	48 966 431	44 986 263
91 - 120 days	43 441 209	40 179 794
121 - 365 days	314 575 496	256 328 710
> 365 days	833 778 010	718 349 391
	<b>1 439 493 466</b>	<b>1 284 076 474</b>
<b>Property rates - Impairment ageing</b>		
Current (0 -30 days)	(73 064 064)	(84 885 963)
31 - 60 days	(33 238 422)	(31 778 743)
61 - 90 days	(26 192 284)	(23 405 677)
91 - 120 days	(23 236 827)	(20 904 943)
121 - 365 days	(168 267 332)	(133 363 977)
> 365 days	(445 990 240)	(373 746 397)
	<b>(769 989 169)</b>	<b>(668 085 700)</b>
<b>Property Rates - Consumer debtors past due but not impaired</b>		
Current (0 -30 days)	63 529 082	78 266 860
31 - 60 days	28 900 752	29 300 750
61 - 90 days	22 774 147	21 580 586
91 - 120 days	20 204 382	19 274 851
121 - 365 days	146 308 165	122 964 733
> 365 days	387 787 771	344 602 994
	<b>669 504 299</b>	<b>615 990 774</b>
<p>The City considers the likelihood of non-payment for each debtor. A debtor is considered either likely to pay, or not. This will result in the entire debt amount outstanding, to be included in the impairment provision, with the exception of those debtors that are identified as being able to settle their debt in full.</p> <p>With regards to the recoverability and impairment of traffic fines, the City considers the probability of collecting traffic fines, and determines a % probability collection factor, which is based on a 5-year moving average, which is then applied to the total outstanding fines in order to determine the traffic fine debtor amount. In determining the % probability collection factor, the City also considers the total traffic fines issued, less those fines that are withdrawn, untraceable etc, as well as the fines that are paid.</p>		
<b>10. Receivables from exchange transactions</b>		
Consumer debtors - Electricity - Gross	11 932 239 860	884 254 138
Consumer debtors - Electricity - Impairment	11 (643 563 151)	(576 843 950)
Consumer debtors - Water - Gross	11 2 281 330 045	2 084 497 157
Consumer debtors - Water - Impairment	11 (1 691 350 513)	(1 531 063 543)
Consumer debtors - Waste water - Gross	11 622 004 048	551 755 073
Consumer debtors - Waste water - Impairment	11 (381 806 506)	(341 921 233)
Consumer debtors - Refuse - Gross	11 767 203 344	656 886 980
Consumer debtors - Refuse - impairment	11 (433 310 119)	(387 833 143)
Consumer debtors - Rental debtors - Gross	11 58 985 560	41 209 766
Consumer debtors - Rental debtors - Impairment	11 (30 847 704)	(26 010 339)
Accrued income	408 831 736	351 483 328
VAT accrual	131 730 293	98 405 454
VAT control	43 752 605	34 336 167
Other debtors	6 397 352	-
	<b>2 071 596 850</b>	<b>1 839 155 855</b>



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022 *Restated
<b>10. Receivables from exchange transactions (continued)</b>			
<b>Statutory receivables included in receivables from exchange transactions above are as follows:</b>			
VAT Accrual		131 730 293	98 405 454
VAT Control		43 752 605	34 336 167
<b>Total statutory receivables included above</b>		<b>175 482 898</b>	<b>132 741 621</b>
<b>Total financial asset receivables included above</b>	20	<b>1 896 113 952</b>	<b>1 706 414 234</b>
<b>Total receivables from exchange transactions</b>		<b>2 071 596 850</b>	<b>1 839 155 855</b>

### Credit quality of trade and other receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by previous payments and collection trends, and any other default information.

### Trade and other receivables impaired

As of 30 June 2023, trade and other receivables of R (3 180 877 993) (2022: R (2 863 672 208)) were impaired and provided for. The amount of the contribution to impairment was R(688 558 231) (2022: R(1 171 628 494)).

Amounts totalling as of 30 June 2023 R371 352 446 (2022: R250 829 875) were written off as uncollectable against the debt impairment allowance account. This represents 4% (2022: 3%) of the total operating income for the year.

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.

In terms of the arrangements to repay rates and services debt as at 30 June 2023, 3 027(2021: 6 350) debtors had active outstanding arrangements to the value of R64 616 188 (2022: R173 504 944). The repayment periods range from 1 month to a maximum of 24 months in terms of the Credit Control Policy.

### 11. Consumer debtors disclosure

#### Gross balances

Consumer debtors - Rates	9	1 439 493 467	1 284 076 474
Consumer debtors - Electricity	10	932 239 860	884 254 138
Consumer debtors - Water	10	2 281 330 045	2 084 497 157
Consumer debtors - Waste water	10	622 004 048	551 755 073
Consumer debtors - Refuse	10	767 203 344	656 886 980
Consumer debtors - Rental debtors	10	58 985 560	41 209 766
Consumer debtors - Other receivables (billing)	9	277 530 200	258 213 095
		<b>6 378 786 524</b>	<b>5 760 892 683</b>

#### Less: Allowance for impairment

Consumer debtors - Rates	9	(769 989 168)	(668 085 699)
Consumer debtors - Electricity	10	(643 563 151)	(576 843 950)
Consumer debtors - Water	10	(1 691 350 513)	(1 531 063 543)
Consumer debtors - Waste water	10	(381 806 506)	(341 921 233)
Consumer debtors - Refuse	10	(433 310 119)	(387 833 143)
Consumer debtors - Rental debtors	10	(30 847 704)	(26 010 339)
Consumer debtors - Other receivables (billing)	9	(117 967 696)	(108 963 163)
		<b>(4 068 834 857)</b>	<b>(3 640 721 070)</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022 *Restated
<b>11. Consumer debtors disclosure (continued)</b>			
<b>Net balance</b>			
Consumer debtors - Rates	9	669 504 299	615 990 775
Consumer debtors - Electricity	10	288 676 709	307 410 188
Consumer debtors - Water	10	589 979 532	553 433 614
Consumer debtors - Waste water	10	240 197 542	209 833 840
Consumer debtors - Refuse	10	333 893 225	269 053 837
Consumer debtors - Rental debtors	10	28 137 856	15 199 427
Consumer debtors - Other receivables (billing)	9	159 562 504	149 249 932
		<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>			
Consumer debtors - Rates		669 504 299	615 990 775
<b>Financial asset receivables included in consumer debtors above</b>		<b>1 640 447 368</b>	<b>1 504 180 838</b>
<b>Total consumer debtors</b>		<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Included in above is receivables from exchange transactions</b>			
Electricity		288 676 709	307 410 188
Water		589 979 532	553 433 614
Waste water		240 197 542	209 833 840
Refuse		333 893 225	269 053 837
Rental debtors		28 137 856	15 199 427
		<b>1 480 884 864</b>	<b>1 354 930 906</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>			
Rates		669 504 299	615 990 775
Other receivables (billing)		159 562 504	149 249 932
		<b>829 066 803</b>	<b>765 240 707</b>
<b>Net balance</b>		<b>2 309 951 667</b>	<b>2 120 171 613</b>
<b>Rates</b>			
Current (0 -30 days)		136 593 146	163 152 823
31 - 60 days		62 139 174	61 079 493
61 - 90 days		48 966 431	44 986 263
91 - 120 days		43 441 209	40 179 794
121 - 365 days		314 575 496	256 328 710
> 365 days		833 778 011	718 349 391
		<b>1 439 493 467</b>	<b>1 284 076 474</b>
<b>Electricity</b>			
Current (0 -30 days)		278 628 238	303 341 437
31 - 60 days		33 937 954	49 643 160
61 - 90 days		27 367 520	39 066 559
91 - 120 days		23 054 773	31 745 479
121 - 365 days		158 432 650	140 204 796
> 365 days		410 818 725	320 252 707
		<b>932 239 860</b>	<b>884 254 138</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>11. Consumer debtors disclosure (continued)</b>		
<b>Water</b>		
Current (0 -30 days)	156 840 775	160 884 488
31 - 60 days	59 896 714	72 713 825
61 - 90 days	51 125 320	74 764 270
91 - 120 days	48 227 343	118 094 505
121 - 365 days	362 471 586	707 679 246
> 365 days	1 602 768 307	950 360 823
	<b>2 281 330 045</b>	<b>2 084 497 157</b>
<b>Waste water</b>		
Current (0 -30 days)	48 493 875	64 685 937
31 - 60 days	22 113 278	20 030 859
61 - 90 days	17 319 111	15 139 517
91 - 120 days	15 321 237	13 099 912
121 - 365 days	118 322 314	89 519 900
> 365 days	400 434 233	349 278 948
	<b>622 004 048</b>	<b>551 755 073</b>
<b>Refuse</b>		
Current (0 -30 days)	43 175 468	47 905 976
31 - 60 days	22 848 711	21 602 347
61 - 90 days	19 655 782	17 117 739
91 - 120 days	18 100 409	15 378 290
121 - 365 days	146 265 480	115 790 468
> 365 days	517 157 494	439 092 160
	<b>767 203 344</b>	<b>656 886 980</b>
<b>Rental debtors</b>		
Current (0 -30 days)	2 142 877	3 436 340
31 - 60 days	1 381 408	1 766 805
61 - 90 days	1 248 838	1 664 881
91 - 120 days	1 188 706	1 348 845
121 - 365 days	9 355 050	10 048 511
> 365 days	43 668 681	22 944 384
	<b>58 985 560</b>	<b>41 209 766</b>
<b>Other receivables (billing)</b>		
Current (0 -30 days)	11 721 967	10 448 734
31 - 60 days	6 361 345	5 372 251
61 - 90 days	5 623 286	5 062 334
91 - 120 days	5 057 459	4 101 376
121 - 365 days	43 928 885	30 554 086
> 365 days	204 837 258	202 674 314
	<b>277 530 200</b>	<b>258 213 095</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>11. Consumer debtors disclosure (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	308 630 022	340 433 751
31 - 60 days	139 873 427	151 935 954
61 - 90 days	117 033 364	136 189 217
91 - 120 days	109 180 580	174 109 306
121 - 365 days	852 726 412	1 098 642 525
> 365 days	3 366 846 603	2 310 815 384
	<u>4 894 290 408</u>	<u>4 212 126 137</u>
Less: Allowance for impairment	(3 162 457 168)	(3 058 526 002)
	<b><u>1 731 833 240</u></b>	<b><u>1 153 600 135</u></b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	327 909 710	369 007 753
31 - 60 days	61 707 956	69 000 591
61 - 90 days	50 649 672	56 431 768
91 - 120 days	43 473 807	47 314 645
121 - 365 days	287 115 906	242 428 403
> 365 days	632 562 675	521 373 277
	<u>1 403 419 726</u>	<u>1 305 556 437</u>
Less: Allowance for impairment	(906 377 689)	(582 195 068)
	<b><u>497 042 037</u></b>	<b><u>723 361 369</u></b>
<b>National and provincial government</b>		
Current (0 -30 days)	41 056 614	44 414 231
31 - 60 days	7 097 201	11 272 195
61 - 90 days	3 623 253	5 180 577
91 - 120 days	1 736 748	2 524 251
121 - 365 days	13 509 144	9 054 789
> 365 days	14 297 798	170 764 066
	<u>81 320 758</u>	<u>243 210 109</u>
<b>Total</b>		
Current (0 -30 days)	677 596 346	753 855 735
31 - 60 days	208 678 583	232 208 740
61 - 90 days	171 306 288	197 801 562
91 - 120 days	154 391 135	223 948 202
121 - 365 days	1 153 351 462	1 350 125 717
> 365 days	4 013 462 712	3 002 952 729
	<u>6 378 786 526</u>	<u>5 760 892 685</u>
Less: Allowance for impairment	(4 068 834 859)	(3 640 721 072)
	<b><u>2 309 951 667</u></b>	<b><u>2 120 171 613</u></b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(256 474 424)	(461 929 140)
31 - 60 days	(116 236 121)	(142 287 150)
61 - 90 days	(97 255 816)	(121 203 967)
91 - 120 days	(90 730 079)	(137 225 460)
121 - 365 days	(708 623 593)	(827 296 767)
> 365 days	(2 799 514 826)	(1 950 778 588)
	<u>(4 068 834 859)</u>	<u>(3 640 721 072)</u>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
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### 11. Consumer debtors disclosure (continued)

#### Reconciliation of allowance for impairment

Balance at beginning of the year		(3 640 721 072)	(2 473 497 913)
Contributions to allowance		(999 385 681)	(1 497 783 263)
Bad debts written off against allowance		571 271 894	330 560 104
		<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>

#### Reconciliation of allowance for impairment - Receivables from exchange and non-exchange

Balance at beginning of the year		(3 640 721 072)	(2 473 497 913)
Contributions to allowance - Receivable from non-exchange transaction	9	(310 827 450)	(326 154 769)
Contributions to allowance - Receivable from exchange transaction	10	(688 558 231)	(1 171 628 494)
Bad debts written off - Receivable from non-exchange transaction	9	199 919 448	79 730 229
Bad debts written off - Receivable from exchange transaction	10	371 352 446	250 829 875
		<b>(4 068 834 859)</b>	<b>(3 640 721 072)</b>

Contribution of allowance for impairment - Receivable from non-exchange transaction includes VAT of R(11 745 972) : 2022: R(10 718 912) , amount recognised in Statement of Financial Performance is R299 081 478 : 2022: R315 435 857 Refer to note 38

Contribution of allowance for impairment - Receivable from exchange transaction includes VAT of R(89 811 943) : 2022: R(148 557 936) , amount recognised in Statement of Financial Performance is R598 746 287 : 2022: R1 023 070 558 Refer to note 38

#### Credit quality of consumer debtors

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date on which the credit was initially granted, up to the reporting date. The concentration of credit risk is limited but take into consideration the repayments trends and collection rate, as the consumer base is large and unrelated. Accordingly, management believes that further credit provision is required in excess of the present allowance for doubtful debts.

#### Consumer debtors past due but not impaired

Current (0 -30 days)	421 121 923	291 926 595
31 - 60 days	92 442 463	89 921 590
61 - 90 days	74 050 473	76 597 595
91 - 120 days	63 661 056	86 722 742
121 - 365 days	444 727 869	522 828 950
> 365 days	1 214 192 250	1 052 174 139
	<b>2 310 196 034</b>	<b>2 120 171 611</b>

#### The ageing of consumer debts impaired

Current (0 -30 days)	256 474 424	461 929 140
31 - 60 days	116 236 121	142 287 150
61 - 90 days	97 255 816	121 203 967
91 - 120 days	90 730 079	137 225 460
121 - 365 days	708 623 593	827 296 767
> 365 days	2 799 514 826	1 950 778 588
	<b>4 068 834 859</b>	<b>3 640 721 072</b>

The City hold deposits as security in respect of consumable services.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	94 032	86 832
Bank balances	113 560 363	100 379 409
Short-term deposits	546 334 028	576 557 238
	<b>659 988 423</b>	<b>677 023 479</b>
<b>Allocation of external investments (call and short-term deposits)</b>		
BCMET	4 097 468	3 837 871
Own funding (operating account commitments)	542 236 560	572 719 367
	<b>546 334 028</b>	<b>576 557 238</b>
<b>Call and short-term deposits per institution</b>		
Absa (interest rate range 5.30% - 7.55%   2022: 3.55% - 4.35%)	96 450 584	151 106 674
Nedbank (interest rate range 5.30% - 9.21%   2022: 3.30% - 5.35%)	136 710 035	129 230 484
FNB (interest rate range 5.30% - 9.03%   2022: 3.85% - 5.49% )	146 229 042	141 258 781
RMB (interest rate range 0   2022: 3.30% - 3.63%)	-	23 994 138
Standard Bank (interest rate range 6.66% - 9.00%   2022: 3.30% - 5.20%)	118 327 146	120 879 697
Stanlib (interest rate range 7.78% - 7.78%   2022: 4.01% - 4.69%)	44 519 753	6 249 593
BCMET: Absa - Standard Bank (interest rate range 5.30% - 9.00%   2022 3.30% - 5.20%)	4 097 468	3 837 871
	<b>546 334 028</b>	<b>576 557 238</b>

There is a significant rise in interest rates between the 2022 and 2023 financial years due to constant interest rates hikes 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 Municipality in respect of the Department of Labour for COID amounts to R23 828 947 (2022: R19 095 841)

Refer to note 27 for interest earned on bank and call deposits.

### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
STANDARD BANK - Primary Account - 081-166-702	98 200 640	125 512 842	(173 110 285)	(190 835 642)
STANDARD BANK - Market Account - 081-167-873	4 181 974	634 330	2 320 856	2 630 506
STANDARD BANK - Prism Account - 081-167-776	-	-	284 349 792	288 584 545
STANDARD BANK - Imprest Account 081-168-098	274	-	-	-
<b>Total</b>	<b>102 382 888</b>	<b>126 147 172</b>	<b>113 560 363</b>	<b>100 379 409</b>

### 13. Revaluation reserve

Opening balance	14 709 129 236	11 628 507 082
Change during the year	813 496 115	3 080 622 154
	<b>15 522 625 351</b>	<b>14 709 129 236</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>14. Employee benefit obligations</b>		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Balance at the beginning of the year	854 876 000	787 215 000
Current service cost	49 751 000	53 883 000
Interest cost	100 751 000	95 299 000
Actual employer benefit payments	(29 148 000)	(52 874 000)
Actuarial loss/(gain) recognised in the year	(201 511 000)	(28 647 000)
	<b>774 719 000</b>	<b>854 876 000</b>
Non-current liabilities	(715 349 000)	(825 728 000)
Current liabilities	(59 370 000)	(29 148 000)
<b>Net liability</b>	<b>(774 719 000)</b>	<b>(854 876 000)</b>
<b>Net costs</b>		
Current service cost	49 751 000	53 883 000
Interest cost	100 751 000	95 299 000
Actual employer benefit payments	(20 881 000)	(52 874 000)
Actuarial loss/(gains) recognised in the year	(201 511 000)	(28 647 000)
<b>Net costs per Statement of Financial Performance</b>	<b>33 (80 157 000)</b>	<b>67 661 000</b>
<b>Post-retirement medical contribution amounts recognised in the statement of financial position</b>		
Balance at the beginning of the year	533 475 000	512 157 000
Current service cost	22 208 000	28 544 000
Interest costs	63 160 000	66 249 000
Actual employer benefit payments	(20 881 000)	(20 422 000)
Actuarial loss/(gain) recognised in the year	(86 291 000)	(53 053 000)
<b>Net costs per Statement of Financial Position</b>	<b>511 671 000</b>	<b>533 475 000</b>
<b>Post-retirement medical contribution - Net cost</b>		
Current service cost	22 208 000	28 544 000
Interest costs	63 160 000	66 249 000
Actual employer benefit payments	(20 881 000)	(20 422 000)
Actuarial loss/(gains) recognised in the year	(86 291 000)	(53 053 000)
	<b>(21 804 000)</b>	<b>21 318 000</b>

The best estimates for the employer benefit payments in the 2023/24 financial period is expected to be R20 496 000 (The actual employer benefit payments in the 2022/23 financial period was R20 881 000).

The municipality 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 ARCH Actuarial Consulting using the Projected Unit Credit 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 Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022  
\*Restated

### 14. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.74 %	11.82 %
Health care cost inflation rate	8.08 %	9.52 %
Net-of-health-care-cost-inflation discount rate	4.06 %	2.10 %
Maximum subsidy inflation rate	5.69 %	6.01 %
Net-of-maximum-subsidy-inflation discount rate	6.42 %	5.48 %
Continuation of membership at retirement	75.00 %	75.00 %
Proportion with a spouse dependent at retirement	60.00 %	90.00 %
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	10.00 %	- %
Average retirement age	62	62
Mortality during employment	SA 85-90	SA 85-90
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	PA(90)

#### Comparison of in-service statistics

Total number of eligible employees	5 234	-
Number of in-service members	3 388	3 517
Average age	46.3	46.4
Average past service	13.2	13.6
Average current value of post-employment subsidy p.m.	R 2 820	R 2 210
Number of in-service non-members	1 846	0% rate assumed
Average age	46.7	0% rate assumed
Average past service	11.7	0% rate assumed
Average current value of post-employment subsidy p.m.	R 2 844	0% rate assumed

#### Continuation members

Number of principal members	474	496
Proportion with a spouse dependent	38%	38%
Average age of members	73.0	73.6
Average subsidy per month	R 3 554	R 3 170



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### 14. Employee benefit obligations (continued)

#### Sensitivity Results

The liability at the Valuation Date was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed rate of health care cost inflation;
- a one percentage point increase and decrease in the discount rate;
- a one-year age increase and decrease in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age; and
- a decrease of ten percentage points in the assumed proportion of in-service members that remain members at retirement.

#### Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	Eligible Employees	Continuation Members	Total	% change
Central assumptions		314.753	196.918	511.671	
Health care inflation rate	+1%	343.656	208.926	552.582	8%
	-1%	280.242	184.746	464.988	-9%
Discount rate	+1%	270.561	183.112	453.673	-11%
	-1%	369.875	212.820	582.695	14%
Post-employment mortality	+1 yr	307.821	190.405	498.226	-3%
	-1 yr	321.513	203.445	524.958	3%
Average retirement age	-1 yr	349.183	196.918	546.101	7%
Membership continuation	-10%	272.790	196.918	469.708	-8%

#### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		22 208 000	63 160 000	85 368 000	
Health care inflation rate	+1%	23 597 000	66 506 000	90 103 000	6%
	-1%	20 279 000	58 851 000	79 130 000	-7%
Discount rate	+1%	21 771 000	67 611 000	89 382 000	5%
	-1%	22 633 000	58 546 000	81 179 000	-5%
Mortality rates	x1.2	20 754 000	59 054 000	79 808 000	-7%
	x0.8	23 898 000	68 050 000	91 948 000	8%
Average retirement age	-1 yr	23 416 000	67 797 000	91 213 000	7%
Membership continuation	-10%	19 247 000	57 691 000	76 938 000	-10%

#### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		21 896 000	62 565 000	84 461 000	
Health care inflation rate	+1%	24 124 000	67 661 000	91 785 000	9%
	-1%	19 185 000	56 749 000	75 934 000	-10%
Discount rate	+1%	18 622 000	59 773 000	78 395 000	-7%
	-1%	26 025 000	65 692 000	91 717 000	9%
Post-employment mortality	+1 yr	21 416 000	60 891 000	82 307 000	-3%
	-1 yr	22 363 000	64 219 000	86 582 000	3%
Average retirement age	-1 yr	23 372 000	66 858 000	90 230 000	7%
Membership continuation	-10%	18 980 000	57 332 000	76 312 000	-10%

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### 14. Employee benefit obligations (continued)

#### History of Liabilities, Assets and Experience Adjustments (R millions)

The table below summarises the accrued liabilities and the plan assets for the current period and previous periods.

<b>Liability history</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2021</b>	<b>30/06/2022</b>	<b>30/06/2023</b>
Accrued liability	511.869	454.831	512.157	533.474	511.671
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
<b>(Deficit)</b>	<b>-511.869</b>	<b>-454.831</b>	<b>-512.157</b>	<b>-533.475</b>	<b>-511.671</b>

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.

<b>Experience adjustments</b>	<b>Year ending 30/06/2019</b>	<b>Year ending 30/06/2020</b>	<b>Year ending 30/06/2021</b>	<b>Year ending 30/06/2022</b>	<b>Year ending 30/06/2023</b>
Liabilities: (Gain) / Loss	(3.964)	(12.365)	55.349	50.570	(1.671)
Assets: Gain / (Loss)	0.000	0.000	0.000	0.000	0.000

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### 14. Employee benefit obligations (continued)

#### Long service awards amounts recognised in the statement of financial position

Balance at the beginning of the year	321 401 000	275 058 000
Current service cost	27 543 000	25 339 000
Interest cost	37 591 000	29 050 000
Actual employer benefit payments	(8 267 000)	(32 452 000)
Actuarial loss recognised in the year	(115 220 000)	24 406 000
	<b>263 048 000</b>	<b>321 401 000</b>

#### Long service awards - Net cost

Current service cost	27 543 000	25 339 000
Interest costs	37 591 000	29 050 000
Employer benefits vesting	(8 267 000)	(32 452 000)
Actuarial losses recognised in the year	(115 220 000)	24 406 000
	<b>(58 353 000)</b>	<b>46 343 000</b>

#### 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.

These interest rates are obtained by first calculating the implied duration of the liabilities and then taking the interest rates that correspond to this implied duration off the yield curves. The implied duration of the liabilities is calculated to be 6.14 years.

#### Assumptions used at the reporting date:

Discount rate	11.08	10.52 %
Normal salary increase rate	6.44	8.45 %
Net effective discount rate	4.36	1.91 %

#### Sensitivity analysis

The liability at the Valuation Date was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed general earnings inflation rate;
- a one percentage point increase and decrease in the discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		263 048 000	
General earnings inflation rate	+1%	276 011 000	5%
	-1%	251 125 000	-5%
Discount rate	+1%	249 698 000	-5%
	-1%	277 805 000	6%
Average retirement age	+2 yrs	291 043 000	11%
	-2 yrs	234 391 000	-11%
Withdrawal rates	x2	218 001 000	-17%
	x0.5	292 604 000	11%

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### 14. Employee benefit obligations (continued)

#### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		27 543 000	37 591 000	65 134 000	
General earnings inflation rate	+1%	29 407 000	39 893 000	69 300 000	6%
	-1%	25 853 000	35 482 000	61 335 000	-6%
Discount rate	+1%	25 830 000	35 112 000	60 942 000	-6%
	-1%	29 400 000	39 689 000	69 089 000	6%
Average retirement age	+2 yrs	31 099 000	45 215 000	76 314 000	17%
	-2 yrs	24 295 000	31 197 000	55 492 000	-15%
Withdrawal rates	x1.2	26 285 000	36 218 000	62 503 000	-4%
	x0.8	28 915 000	39 070 000	67 985 000	4%

#### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2024

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		23 513 000	27 042 000	50 555 000	
General earnings inflation rate	+1%	24 935 000	28 478 000	53 413 000	6%
	-1%	22 217 000	25 721 000	47 938 000	-5%
Discount rate	+1%	22 281 000	27 876 000	50 157 000	-1%
	-1%	24 884 000	26 084 000	50 968 000	1%
Average retirement age	+2 yrs	25 575 000	30 098 000	55 673 000	10%
	-2 yrs	21 350 000	23 935 000	45 285 000	-10%
Withdrawal rates	x2	18 300 000	22 085 000	40 385 000	-20%
	x0.5	27 110 000	30 300 000	57 410 000	14%

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### 14. Employee benefit obligations (continued)

#### History of Liabilities, Assets and Experience Adjustments (R Millions)

The table below summarises the accrued liabilities and the plan assets for the current period and the previous four periods.

<b>Liability history</b>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/06/2021</b>	<b>30/06/2022</b>	<b>30/06/2023</b>
Accrued liability	216.947	229.986	275.058	321.401	263.048
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
<b>(Deficit)</b>	<b>(216.947)</b>	<b>(229.986)</b>	<b>(275.058)</b>	<b>(321.401)</b>	<b>(263.048)</b>

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has occurred.

<b>Experience adjustments</b>	<b>Year ending 30/06/2019</b>	<b>Year ending 30/06/2020</b>	<b>Year ending 30/06/2021</b>	<b>Year ending 30/06/2022</b>	<b>Year ending 30/06/2023</b>
Liabilities: (Gain) / Loss	12.628	18.797	5.198	25.383	(78.428)
Assets: Gain / (Loss)	0.000	0.000	0.000	0.000	0.000

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### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

National Government Grants	10 126 655	45 801 542
Provincial Government Grants	6 763 755	6 448 309
Other Conditional Grants	1 808 826	1 701 676
Administrative Grants	235 125 652	220 354 013
	<b>253 824 888</b>	<b>274 305 540</b>

National Government	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Financial Management Grant (FMG)	71	1 000 000	(965 682)	(20 691)	(13 115)	583
Neighbourhood Development Partnership Grant (NDPG)	2 099	14 581 000	-	(13 314 834)	(1 253 236)	15 028
Neighbourhood Development Partnership Grant (NDP) PEP	18 192 086	21 000 000	(26 086 488)	-	(3 264 241)	9 841 358
Programme and Project Preparation Support Grant (PPPSG)	198	13 776 000	(13 524 169)	-	(251 312)	717
Electricity Demand: Side Management Grant (EDSM)	3 101	-	-	-	(3 101)	-
Urban Settlement Development Grant (USDG)	21 795 343	496 166 000	(43 246 590)	(444 882 573)	(29 832 115)	65
Expanded Public Works Programme (EPWP)	96	10 728 000	(10 727 111)	-	-	985
Informal Settlements Upgrading Partnership Grant (ISUPG)	3 469 073	282 122 000	(15 765 543)	(237 899 388)	(31 925 538)	604
Infrastructure Skills Development Grant (ISDG)	2 185 582	11 750 000	(11 350 057)	(150 000)	(2 322 103)	113 422
Public Transport Network Grant (PTNG)	153 893	-	-	-	-	153 893
<b>Total</b>	<b>45 801 542</b>	<b>851 123 000</b>	<b>(121 665 641)</b>	<b>(696 267 486)</b>	<b>(68 864 761)</b>	<b>10 126 655</b>

Provincial Government	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission	1 348 776	2 708 922	-	-	(2 617 685)	1 440 013
Gompo Survey (DVRI Hydroponics)	98 532	-	-	-	-	98 532
Gompo & Mdantsane Art Centres (DVRI Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268 793	-	-	-	-	268 793
Reeston Development - Land Affairs	200 114	13 593	-	-	-	213 707
Mdantsane Urban Renewal Project (Mount Ruth Node)	3 113 705	210 616	-	-	-	3 324 321
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288
Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
<b>Total</b>	<b>6 448 309</b>	<b>2 933 131</b>	<b>-</b>	<b>-</b>	<b>(2 617 685)</b>	<b>6 763 755</b>

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### 15. Unspent conditional grants and receipts (continued)

Other Conditional Grants	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Buffalo City Metro Transport (BCMET) Funding	2 953	-	-	-	-	2 953
Friends of East London Zoo (Felzoo)	248 026	-	-	-	-	248 026
SALAJDA (Gavle)	166 063	21 388	(156 092)	-	-	31 359
Leiden	90 778	6 429	-	-	-	97 207
Umsobomvu Youth Fund	301 442	23 213	-	-	-	324 655
City of Oldenburg	892 414	212 212	-	-	-	1 104 626
<b>Total</b>	<b>1 701 676</b>	<b>263 241</b>	<b>(156 092)</b>	<b>-</b>	<b>-</b>	<b>1 808 826</b>

Administrative Grant	Unspent balance 2022	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2023
Land Affairs - West Bank	119 481 006	6 979 771	-	-	-	126 460 777
Land Affairs - East Bank	100 873 007	7 791 868	-	-	-	108 664 875
<b>Total</b>	<b>220 354 013</b>	<b>14 771 640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235 125 652</b>

National Government (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Financial Management Grant(FMG)	50	1 000 000	(923 979)	(76 000)	-	71
Neighbourhood Development Partnership Grant (NDPG)	19 168	13 000 000	-	(11 947 988)	(1 069 081)	2 099
Neighbourhood Development Partnership Grant (NDP) PEP	-	20 581 000	(2 388 914)	-	-	18 192 086
Programme and Project Preparation Support Grant(PPPSG)	-	8 941 000	(8 151 678)	-	(789 124)	198
Electricity Demand: Side Management Grant (EDSM)	273	9 000 000	-	(8 997 172)	-	3 101
Urban Settlement Development Grant (USDG)	32 884 870	499 705 000	(44 421 546)	(393 977 516)	(72 395 465)	21 795 343
Expanded Public Works Programme (EPWP)	87	7 300 000	(7 299 991)	-	-	96
Informal Settlements Upgrading Partnership Grant (ISUPG)	-	238 258 000	(4 114 479)	(212 952 082)	(17 722 366)	3 469 073
Integrated City Development Grant (ICDG)	5 332 549	-	-	-	(5 332 549)	-
Infrastructure Skills Development Grant (ISDG)	3 547 105	10 500 000	(8 118 039)	(118 675)	(3 624 809)	2 185 582
Public Transport Network Grant(PTNG)	153 893	-	-	-	-	153 893
<b>Total</b>	<b>41 937 995</b>	<b>808 285 000</b>	<b>(75 418 626)</b>	<b>(628 069 433)</b>	<b>(100 933 394)</b>	<b>45 801 542</b>

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### 15. Unspent conditional grants and receipts (continued)

Provincial Government (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission	1 300 070	1 261 771	-	-	(1 213 065)	1 348 776
Gompo Survey (DVRI Hydroponics)	98 532	-	-	-	-	98 532
Gompo & Mdantsane Art Centres(DVRI Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268 793	-	-	-	-	268 793
Reeston Development - LandAffairs	192 858	7 256	-	-	-	200 114
Mdantsane Urban Renewal Project (Mount Ruth Node)	3 001 268	112 437	-	-	-	3 113 705
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288
Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
<b>Total</b>	<b>6 279 910</b>	<b>1 381 464</b>	<b>-</b>	<b>-</b>	<b>(1 213 065)</b>	<b>6 448 309</b>

Other Conditional Grants (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Buffalo City Metro Transport(BCMET) Funding	487 499	-	-	(484 546)	-	2 953
Friends of East London Zoo(Felzoo)	248 026	-	-	-	-	248 026
SALAIDA (Gavle)	337 786	19 360	(191 083)	-	-	166 063
Leiden	87 347	3 431	-	-	-	90 778
Umsobomvu Youth Fund	289 050	12 392	-	-	-	301 442
City of Oldenburg	860 189	32 225	-	-	-	892 414
<b>Total</b>	<b>2 309 897</b>	<b>67 408</b>	<b>(191 083)</b>	<b>(484 546)</b>	<b>-</b>	<b>1 701 676</b>

Administrative Grant (2022)	Unspent balance 2021	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2022
Land Affairs - West Bank	115 215 548	4 265 458	-	-	-	119 481 006
Land Affairs - East Bank	98 955 291	1 917 716	-	-	-	100 873 007
<b>Total</b>	<b>214 170 839</b>	<b>6 183 174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220 354 013</b>

Though an amount of R253 824 888 is reported as unspent conditional grants, this figure includes the following:

- An amount of R235 125 652 of the unspent conditional grants relates to land affairs grants which BCMM administers on behalf of the Department of Land Affairs and which have not been spent due to slow progress in the restitution processes. BCMM has no control on the spending or use of this funding.

Other balances relate to ring fenced trust funding projects.



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<b>16. Borrowings</b>		
<b>At amortised cost</b>		
Annuity loans	138 853 808	187 994 371
<b>Non-current liabilities</b>		
At amortised cost	88 696 244	138 853 808
<b>Current liabilities</b>		
At amortised cost	50 157 564	49 140 563

The municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the borrowings were re-negotiated.

Average interest rate is 8.35% (2022: 8.77%). Refer to note 36 for interest paid on borrowings.

### 17. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Landfill sites	417 564 615	183 128	-	-	417 747 743
Bonus provision	59 304 994	58 206 753	(59 457 980)	152 986	58 206 753
	<b>476 869 609</b>	<b>58 389 881</b>	<b>(59 457 980)</b>	<b>152 986</b>	<b>475 954 496</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Decrease	Total
Landfill sites	365 526 866	52 037 749	-	-	417 564 615
Bonus provision	59 391 159	59 304 994	(54 912 031)	(4 479 128)	59 304 994
	<b>424 918 025</b>	<b>111 342 743</b>	<b>(54 912 031)</b>	<b>(4 479 128)</b>	<b>476 869 609</b>

Non-current liabilities	89 746 342	99 082 969
Current liabilities	386 208 154	377 786 640
	<b>475 954 496</b>	<b>476 869 609</b>

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.

#### Assumptions used

- Interest rate used is BCMM's borrowing rate at 8.35% (2022: 8.77%).

- The valuation for the landfill site provision in 2023 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 33: Employee related costs.

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<b>18. Trade payables from exchange transactions</b>			
Trade payables	20	1 024 533 963	727 070 004
Payments received in advanced	20	458 557 736	425 328 020
Retention monies	20	88 237 050	71 367 081
Accrued leave pay	20	130 188 029	131 370 112
Deposits received	20	6 719 659	6 517 946
Other creditors	20	96 229 961	105 004 425
VAT accrual		71 084 046	128 789 546
		<b>1 875 550 444</b>	<b>1 595 447 134</b>

### 19. VAT receivable

VAT accrual - creditors	10	131 730 293	98 405 454
VAT control	10	43 752 605	34 336 167
VAT accrual - debtors	18	(71 084 046)	(128 789 546)
		<b>104 398 852</b>	<b>3 952 075</b>

The above VAT receivable amount is the net amount of total VAT input R721 871 659 (June 2022: R585 831 167) less total VAT output R708 245 518 (June 2022: R750 115 823).

VAT Output includes VAT on impaired debtors of R90 772 711 (2022: R168 236 731).

VAT on impaired debtors		90 772 711	168 236 731
Output VAT		(708 245 518)	(750 115 823)
		(617 472 807)	(581 879 092)
Input VAT		721 871 659	585 831 167
		<b>104 398 852</b>	<b>3 952 075</b>

The municipality 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.

### 20. Financial instruments disclosure

#### Categories of financial instruments

#### 2023

#### Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	188 203 027	188 203 027
Trade and other receivables from exchange transactions	10	1 896 113 952	1 896 113 952
Cash and cash equivalents	12	659 988 423	659 988 423
		<b>2 744 305 402</b>	<b>2 744 305 402</b>

#### Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	18	-	458 557 736	458 557 736
Borrowings: Other financial liabilities	16	-	138 853 808	138 853 808
Trade and other payables from exchange transactions	18	-	1 209 000 974	1 209 000 974
Consumer deposits	21	83 616 487	-	83 616 487
Other deposits	18	6 719 659	-	6 719 659
		<b>90 336 146</b>	<b>1 806 412 518</b>	<b>1 896 748 664</b>

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### 20. Financial instruments disclosure (continued)

#### 2022

##### Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	172 624 552	172 624 552
Trade and other receivables from exchange transactions	10	1 706 414 234	1 706 414 234
Cash and cash equivalents	12	677 023 479	677 023 479
		<b>2 556 062 265</b>	<b>2 556 062 265</b>

##### Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	18	-	425 328 020	425 328 020
Borrowings: Other financial liabilities	16	-	187 994 371	187 994 371
Trade and other payables from exchange transactions	18	-	903 441 510	903 441 510
Consumer deposits	21	79 793 423	-	79 793 423
Other deposits	18	6 517 946	-	6 517 946
		<b>86 311 369</b>	<b>1 516 763 901</b>	<b>1 603 075 270</b>

### Financial instruments in Statement of financial performance

#### 2023

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	27	261 622 032	261 622 032
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	36	(16 074 877)	(16 074 877)
Debt impairment	38	897 827 765	897 827 765
		<b>1 143 374 920</b>	<b>1 143 374 920</b>

#### 2022

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	27	151 831 293	151 831 293
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	36	(20 684 493)	(20 684 493)
Debt impairment	38	1 338 506 415	1 338 506 415
		<b>1 469 653 215</b>	<b>1 469 653 215</b>

### 21. Consumer deposits

Electricity	51 819 509	49 647 559
Water	31 796 978	30 145 864
	<b>83 616 487</b>	<b>79 793 423</b>

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 R81 861 607 (2022: R79 793 423).

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>22. Revenue</b>		
Service charges	3 766 314 630	4 204 603 295
Rental of facilities and equipment	24 500 929	20 426 976
Agency services	21 870 747	23 878 654
Licences and permits (non-exchange)	12 216 036	12 114 951
Total other revenue	74 995 184	65 937 673
Interest received	261 622 032	151 831 293
Property rates	1 791 370 242	1 698 669 109
Interest (non-exchange)	85 675 639	54 304 838
Government grants & subsidies	1 925 040 153	1 739 305 650
Levies	82 451 262	82 262 940
Public contributions and donations	4 160 425	2 293 545
Fines	6 973 578	12 407 778
Fuel levy	719 203 000	652 199 000
	<b>8 776 393 857</b>	<b>8 720 235 702</b>

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

Service charges	3 766 314 630	4 204 603 295
Rental of facilities and equipment	24 500 929	20 426 976
Agency services	21 870 747	23 878 654
Total other revenue	74 995 184	65 937 673
Interest received	261 622 032	151 831 293
	<b>4 149 303 522</b>	<b>4 466 677 891</b>

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

<b>Taxation revenue</b>		
Property rates	1 791 370 242	1 698 669 109
Licences and permits (non-exchange)	12 216 036	12 114 951
Interest (non-exchange)	85 675 639	54 304 838
<b>Transfer revenue</b>		
Government grants & subsidies	1 925 040 153	1 739 305 650
Levies	82 451 262	82 262 940
Public contributions and donations	4 160 425	2 293 545
Fines	6 973 578	12 407 778
Fuel levy	719 203 000	652 199 000
	<b>4 627 090 335</b>	<b>4 253 557 811</b>

**Fines are made up as follows:**

Traffic fines movement	(4 594 989)	(178 469)
Revenue received	11 568 567	12 586 247
	<b>6 973 578</b>	<b>12 407 778</b>

Total fines outstanding at 30 June 2023 is R253 081 624 (R272 165 361 : 2022) after eliminating untraceable and collected fines. A probability factor of 15% (15% : 2022) collection of total outstanding fines was calculated resulting in a traffic fines debtor amount of R37 045 180 (R41 640 169 : 2022). Refer to note 9.

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**

The City received donations in relation to electricity infrastructure of R3m, vehicles of R954k and computer equipment to the value of R131k. In 2022 two specialised vehicles donated by Road Traffic Management Corporation (RTMC).

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>23. Service charges</b>		
Sale of electricity	2 086 612 315	2 072 200 954
Sale of water	751 291 531	1 197 469 993
Sewerage and sanitation charges - Non Pans	367 454 504	358 594 751
Sewerage and sanitation charges - Pans	106 529 416	106 606 572
Refuse removal	398 396 465	386 912 270
Other service charges	86 970 953	112 339 760
Less: Income forgone - Sale of water	(30 940 554)	(29 195 667)
Less: Income forgone - Refuse removal	-	(325 338)
	<b>3 766 314 630</b>	<b>4 204 603 295</b>
<b>24. Rental of facilities and equipment</b>		
<b>Facilities and equipment</b>		
Rental of facilities	24 500 929	20 426 976
<b>25. Agency services</b>		
Vehicle Registration	21 870 747	23 878 654
<b>26. Other revenue - (exchange)</b>		
Admission fees	2 410 828	1 577 509
Cemetery fees	8 602 274	8 413 955
Commission	32 945 213	28 805 081
Coupons and clip tickets	317 517	193 080
Grazing fees	52 787	23 638
Insurance	5 635 947	2 391 845
Plan approval fees	9 561 794	9 835 956
Private works	2 304 618	3 272 824
Tender receipts	430 094	829 819
Sale of plants and animals	16 916	11 156
Sale of scrap waste	2 232 746	2 639 646
Street frontage and administration fees	81 757	119 279
Sundry income	7 423 278	3 625 696
Town planning and sub-division fees	2 959 742	4 089 478
Vehicle registrations	19 673	108 711
	<b>74 995 184</b>	<b>65 937 673</b>
<b>27. Interest received</b>		
<b>Interest revenue</b>		
Call accounts with financial institutions	28 680 193	18 380 400
Bank	17 862 646	13 983 385
Interest charged on trade and other receivables	215 079 193	119 467 508
	<b>261 622 032</b>	<b>151 831 293</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>28. Property rates</b>		
<b>Rates received</b>		
Agricultural	10 858 354	10 243 658
Commercial	721 921 474	687 912 981
Industrial	155 695 153	146 323 917
Mining	258 342	235 713
Public Benefit Organisation	1 084 583	887 038
Public Service Infrastructure	750 798	716 410
Public Service Purpose	95 764 623	85 456 348
Residential	782 283 805	740 658 616
Vacant land	88 668 461	84 909 385
Less: Income forgone	(65 915 351)	(58 674 957)
	<b>1 791 370 242</b>	<b>1 698 669 109</b>

### Valuations

Agricultural	3 111 382 222	3 108 747 000
Commercial	22 650 767 500	22 740 583 500
Industrial	4 437 396 000	4 384 071 000
Mining	11 460 000	11 460 000
Public Benefit Organisation	265 283 000	247 675 000
Public Service Infrastructure	276 264 500	268 288 500
Public Service Purpose	4 543 498 900	5 420 923 900
Residential	64 239 508 059	63 709 809 400
Vacant land	3 112 925 620	3 110 341 620
	<b>102 648 485 801</b>	<b>103 001 899 920</b>

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 four 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 of the current valuation roll is 1 July 2017 and was implemented on 1 July 2018. The validity of the current valuation roll was extended by one financial year ending 30 June 2023 in terms of Section 32 (2) (b) (ii) of the Municipal Property Rates Act 6 of 2004.

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.

The MPRA was amended in 2014 and the amended Act came into effect in July 2015. Section 8(2) of the Act was amended and prescribed categories of rateable property which must be included in the municipality's valuation roll, provided such category exist within the municipal jurisdiction. In terms of Section 93(B) of the MPRA, the provisions of Section 8 as amended must be implemented by a municipality within seven years of the date of the commencement of the Amended act. The 2021/2022 financial year was the seven year since the commencement of the amended act.

The reduction in the total valuation for 2022/2023 financial year is due to a reduction in value of high value properties in the Commercial and Public Service Purpose property categories as reviewed and decided by the Valuation appeal Board. The revaluation was effective from 1 July 2018 and the affected accounts were adjusted with effect from this date and the revenue allocated to the different financial years accordingly.

### Tariffs levied: cents in the rand

Agricultural	0.003567	0.003404
Business	0.035672	0.034038
Industrial	0.035672	0.034038
Mining	0.035672	0.034038
Public Benefit Organisation	0.003567	0.003404
Public Service Infrastructure	0.003567	0.003404
Public Service Purpose	0.022831	0.021785
Residential	0.014269	0.013615
Vacant land	0.042881	0.040846

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
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### 28. 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	15.0 %	15.0 %
Water supply	22.5 %	22.5 %
Refuse removal service	7.5 %	7.5 %
Electricity supply	15.0 %	15.0 %
Sewerage service	15.0 %	15.0 %
	<b>75.0 %</b>	<b>75.0 %</b>

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 municipality may not levy a rate and the following were applied in the 2022/23 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.

### 29. Licences and permits (non-exchange)

Dog	1 080 301	872 919
Trading	217 073	243 477
Road transport	10 918 662	10 998 555
	<b>12 216 036</b>	<b>12 114 951</b>

### 30. Interest (non-exchange)

Interest - Receivables	85 675 639	54 304 838
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# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>31. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Government grants - operating projects	126 899 349	81 583 051
Other Government grants and subsidies	1 065 539 270	971 288 454
	<b>1 192 438 619</b>	<b>1 052 871 505</b>
<b>Capital grants</b>		
Government grant (capital: PPE)	732 601 534	686 434 145
	<b>1 925 040 153</b>	<b>1 739 305 650</b>
<b>32. Other revenue - (non-exchange)</b>		
Fire levy	82 451 262	82 262 272
Less: Income forgone - Fire levy	-	668
	<b>82 451 262</b>	<b>82 262 940</b>



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022 *Restated
<b>33. Employee related costs</b>			
Basic emoluments		1 550 668 024	1 521 662 820
Car allowance		42 954 277	40 359 986
Employee benefit obligation net cost	14	(80 157 000)	67 661 000
Essential user cost		30 584 405	28 533 503
Group life		9 817 782	9 412 790
Housing benefits and allowances		11 613 777	11 235 656
Leave pay contributions (Leave pay provision charge)		49 077 011	38 923 232
Long-service awards		37 622 986	34 958 905
Medical aid contributions		114 916 023	113 458 897
Other allowances		72 031 954	70 464 439
Overtime payments		156 955 855	153 631 304
Pension fund contributions		297 313 752	287 761 746
UIF		11 434 029	11 691 714
13th Cheques		127 188 376	122 625 068
		<b>2 432 021 251</b>	<b>2 512 381 060</b>

### Remuneration of City Manager

Annual Remuneration		547 515	1 309 219
Travel Allowance		-	286 000
Allowance		285 095	324 896
UIF		1 063	1 948
Medical AID		20 028	28 442
Pension Contributions		88 632	251 525
		<b>942 333</b>	<b>2 202 030</b>

The position became vacant 01 June 2022. Acting allowance to the value of R163 367 was paid in the 2022/23 financial year in respect of this position. The new incumbent was appointed 13 February 2023

### Remuneration of Chief Finance Officer

Annual Remuneration		1 176 869	1 142 591
Travel Allowance		347 806	343 348
Allowance		173 431	164 427
UIF		2 125	2 125
Medical AID		60 084	57 277
Pension Contributions		211 836	205 666
Group life		11 113	10 700
		<b>1 983 264</b>	<b>1 926 134</b>

### Remuneration of HOD: Executive Support Services

Annual Remuneration		1 171 861	1 137 729
Travel Allowance		242 766	242 766
Allowance		298 948	283 688
UIF		2 125	2 125
Medical AID		31 687	29 477
Pension Contributions		210 935	204 791
Group life		16 595	15 978
		<b>1 974 917</b>	<b>1 916 554</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>33. Employee related costs (continued)</b>		
<b>Remuneration of HOD: Human Settlements</b>		
Annual Remuneration	1 176 869	1 142 591
Travel Allowance	348 638	344 179
Allowance	160 177	151 635
UIF	2 125	2 125
Medical AID	60 084	57 277
Pension Contributions	211 836	205 666
Group life	23 535	22 660
	<b>1 983 264</b>	<b>1 926 133</b>
<b>Remuneration of HOD: Corporate Services</b>		
Annual Remuneration	1 171 861	1 137 729
Travel Allowance	240 000	240 000
Allowance	284 733	270 488
UIF	2 125	2 125
Medical AID	47 686	44 356
Pension Contributions	228 513	221 857
	<b>1 974 918</b>	<b>1 916 555</b>
<b>Remuneration of HOD: Public Safety &amp; Emergency Services</b>		
Annual Remuneration	784 579	1 142 591
Allowance	387 643	558 613
UIF	1 417	2 125
Pension Contributions	148 537	222 805
	<b>1 322 176</b>	<b>1 926 134</b>
<p>The position became vacant 01 March 2023. Acting allowance to the value of R41 048 was paid in the 2022/23 financial year in respect of this position.</p>		
<b>Remuneration of HOD: Infrastructure Services</b>		
Annual Remuneration	1 171 861	1 137 729
Travel Allowance	168 000	168 000
Allowance	356 804	341 079
UIF	2 125	2 125
Medical AID	31 019	29 786
Pension Contributions	228 513	221 857
Group life	16 595	15 978
	<b>1 974 917</b>	<b>1 916 554</b>
<b>Remuneration of HOD: Development and Spatial Planning</b>		
Annual Remuneration	1 171 861	1 137 729
Travel Allowance	192 000	192 000
Allowance	338 333	322 403
UIF	2 125	2 125
Medical AID	31 019	29 786
Pension Contributions	228 513	221 857
Group life	11 066	10 654
	<b>1 974 917</b>	<b>1 916 554</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022  
\*Restated

### 33. Employee related costs (continued)

#### Remuneration of HOD: Solid Waste and Environmental Health

Annual Remuneration	1 176 869	1 142 591
Travel Allowance	264 000	264 000
Allowance	288 313	273 228
UIF	2 125	2 125
Medical AID	40 120	38 524
Pension Contributions	211 836	205 666
	<b>1 983 263</b>	<b>1 926 134</b>

#### Remuneration of HOD: Economic Development & Agencies

Annual Remuneration	1 176 869	1 142 591
Travel Allowance	347 806	343 348
Allowance	220 831	244 039
UIF	2 125	2 125
Medical AID	23 796	22 136
Pension Contributions	211 836	171 895
	<b>1 983 263</b>	<b>1 926 134</b>

#### Remuneration of HOD: Sport, Recreation & Community Development

Annual Remuneration	784 579	187 618
Travel Allowance	231 871	57 225
Allowance	139 812	28 151
UIF	1 417	354
Medical AID	15 864	3 752
Pension Contributions	141 224	33 771
Group life	7 409	1 825
	<b>1 322 176</b>	<b>312 696</b>

This is a new directorate. The Incumbent was appointed 01 November 2022.

Acting allowance to the value of R40 656 was paid in the 2022/23 financial year in respect of this position.

The salaries, allowances and benefits of the City Manager, the Chief Financial Officer and Senior Managers are as prescribed.

### 34. Remuneration of councillors

Executive Major	867 833	825 672
Deputy Executive Mayor	510 586	649 702
Mayoral Committee Members	5 812 391	6 177 292
Speaker	700 879	655 908
Chief Whip	644 244	612 198
Councillors salaries	29 074 932	28 694 010
Councillors' pension contribution	4 043 164	3 617 262
Councillors housing subsidy	14 210 027	10 977 176
Councillors medical aid	1 634 503	1 666 179
Cellphone Allowance	4 084 016	4 110 473
Travel allowance	5 166 613	8 510 033
	<b>66 749 188</b>	<b>66 495 905</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022  
\*Restated

### 34. Remuneration of councillors (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 R34 587 137 (2022: R26 502 110).

The House Keeper appointed to maintain the Mayoral house cost to Council amounts to R346 596 (2022: R329 117).

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 R382 100 (2022: R399 297). An amount of R4 516 082 (2022: R1 103 034) was incurred for hired vehicles.

The Executive Mayor, Deputy Executive Mayor and Speaker each have full-time bodyguards. Cost of 13 bodyguards amounts to R12 852 173 (2022: R12 111 614).

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

### 35. Depreciation and amortisation

Property, plant and equipment	4	1 843 258 977	1 586 618 762
Intangible assets	5	1 965 955	1 900 465
		<b>1 845 224 932</b>	<b>1 588 519 227</b>

### 36. Finance costs

Borrowings	16 074 877	20 684 493
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Refer to note 16 Borrowings relating to finance cost.

### 37. Auditors' remuneration

Fees	24 863 782	22 321 276
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### 38. Debt impairment

Contributions to debt impairment - Exchange	11	598 746 287	1 023 070 558
Contributions to debt impairment - Non-exchange	11	299 081 478	315 435 857
		<b>897 827 765</b>	<b>1 338 506 415</b>

### 39. Bulk purchases

Electricity - Eskom	1 936 962 683	1 922 254 903
Water	269 872 299	247 054 714
	<b>2 206 834 982</b>	<b>2 169 309 617</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022  
\*Restated

### 39. Bulk purchases (continued)

#### Electricity losses

Description	2023 Amount (R)	%	2022 Amount (R)	%
Technical	193 696 268	10.00	192 494 725	10.00
Non-technical	181 744 874	9.21	220 931 932	10.47
	<b>375 441 142</b>	<b>19.21</b>	<b>413 426 657</b>	<b>20.47</b>

Total losses amounted to 250 172 822 kWh (2022: 291 919 493 kWh) of which 130 212 801 kWh (2022: 142 583 689 kWh) are technical losses and 119 960 021 kWh (2022: 149 335 804 kWh) are non-technical losses.

Electricity losses for the current year ending 30 June 2023 amounted to 19.21% (2022: 20.47%) i.e. R375 441 142 (2022: R413 426 657). These losses comprise of technical and non-technical losses. Technical losses, being losses within the network which are inherent in any network, account for 10% (2022: 10%) i.e. R192 987 620 (2022: R192 494 725). Non-technical losses, being theft, faults, billing errors etc., account for 9,21% (2022: 10.47%) i.e. R180 482 141 (2022: R220 931 932). Attempts are currently being made to reduce these losses. Electricity Bylaws have been amended to also cover the illegal use of small-scale embedded generation which has impacted the revenue income by a calculated -R242.7 m (at cost) for the 2022 financial year and an increasing (+200%) escalation rate for the 2023 period. A conducted cost of supply study and the associated tariff changes and recommendations will have to be introduced in the 2025 financial year to limit this loss of income. A self-funding revenue recovery project proposal is also being considered to target some +180 000 non-purchasing prepayment customers to rehabilitate this income generating revenue stream to the institution.

#### Water losses

Description	2023 Amount (R)	%	2022 Amount (R)	%
Technical	91 387 427	22.60	80 755 569	21.74
Non-technical	60 905 785	15.06	58 516 397	15.76
	<b>152 293 212</b>	<b>37.66</b>	<b>139 271 966</b>	<b>37.50</b>

Total losses amounted to 24 539 655 KI (2022: 22 824 585 KI) of which 14 725 646 KI (2022: 13 234 625 KI) are technical losses and 9 814 009 KI (2022: 9 589 960 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. 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 by the implementation of water conservation and water demand measures which includes pipe replacement, water meter replacement, etc.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>40. Repairs and maintenance</b>		
Infrastructure	200 640 959	182 189 499
Community assets	11 247 140	12 570 712
Heritage assets	8 014	8 000
Other assets	33 394 084	37 585 764
Computer Equipment	846 603	425 155
Furniture and Office Equipment	7 066 637	4 160 546
Machinery and Equipment	161 883 310	149 864 521
Transport Assets	29 545 775	24 214 791
	<b>444 632 522</b>	<b>411 018 988</b>
<b>41. Contracted services</b>		
<b>Outsourced Services</b>		
Alien Vegetation Control	100 000	397 904
Animal Care	1 440 000	1 440 000
Burial Services	506 239	416 090
Business and Advisory	258 153	1 632 946
Catering Services	5 516 959	3 701 209
Cleaning Services	362 846	548 611
Clearing and Grass Cutting Services	6 648 953	5 254 520
Connection/Dis-connection	9 130 203	12 016 321
Hygiene Services	44 414	41 631
Internal Auditors	391 350	360 928
Meter Management	418 089	1 450 188
Medical Services [Medical Health Services & Support]	49 733	36 176
Personnel and Labour	47 411 731	49 125 204
Professional Staff	7 834 173	3 425 531
Refuse Removal	8 819 993	5 150 503
Security Services	87 000	1 561 919
Traffic Fines Management	3 633 454	4 453 962
<b>Consultants and Professional Services</b>		
Business and Advisory	46 432 019	30 361 090
Infrastructure and Planning	5 825 319	2 830 718
Laboratory Services	349 126	343 733
Legal Cost	43 190 217	32 358 593
<b>Contractors</b>		
Artists and Performers	1 218 847	650 435
Building	18 998 896	4 061 577
Electrical	13 668 089	8 388 271
Event Promoters	4 044 507	4 615 439
Inspection Fees	840	22
Management of Informal Settlements	15 248	4 055
Medical Services	44 400	30 730
Pest Control and Fumigation	4 850	473 204
Plants, Flowers and Other Decorations	75 771	121 724
Safeguard and Security	9 692 177	3 875 279
Sewerage Services	29 995 239	31 950 571
Stage and Sound Crew	1 140 649	641 604
	<b>267 349 484</b>	<b>211 720 688</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>42. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Buffalo City Metropolitan Development Agency	45 539 399	56 618 351
Disaster management fund	679 727	295 310
Mayoral Social Responsibility	684 251	244 602
Other Organisations	23 042 655	4 065 971
Rural development	1 985 578	3 059 699
Social relief	51 393 264	47 421 911
Sponsored Events	14 170 010	16 193 542
	<b>137 494 884</b>	<b>127 899 386</b>
<b>43. General expenses</b>		
Advertising	9 255 314	14 535 206
Auditors remuneration	24 863 782	22 321 276
Bank charges	7 875 455	8 561 888
Cleaning	97 561	192 534
Commission paid	38 145 911	39 479 403
Conferences and seminars	2 641 196	3 255 703
Consumables	39 161 584	39 591 402
Entertainment	1 405 451	1 456 481
Fuel and oil	84 578 778	69 681 654
Hire	167 251 390	117 645 353
Insurance	37 441 332	33 699 492
IT expenses	49 734 546	45 770 774
Lease rentals on operating lease	40 231 659	52 333 319
Levies	20 786 071	20 633 219
Magazines, books and periodicals	340 871	564 310
Marketing	6 590 663	2 705 699
Motor vehicle expenses	10 804 068	10 710 763
Other expenses	54 232 538	76 430 228
Postage and courier	9 721 397	12 735 613
Printing and stationery	6 991 758	6 565 982
Promotions	1 441 577	1 515 232
License fees	4 957 854	4 377 876
Special events	27 095	23 708
Subscriptions and membership fees	17 831 810	17 179 725
Telephone and fax	20 149 083	24 660 992
Title deed search fees	188 913	437 948
Training	22 286 103	24 165 091
Travel - local	15 492 959	9 709 926
Travel - overseas	455 436	173 219
Remuneration to WARD Committees	8 630 785	3 200 219
Uniforms	15 575 331	21 764 540
	<b>719 188 271</b>	<b>686 078 775</b>
<b>44. Fair value adjustments</b>		
Investment property (Fair value model)	8 867 100	15 348 500

# Buffalo City Metropolitan Municipality

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022 *Restated
<b>45. Cash generated from operations</b>		
Deficit	(268 009 765)	(367 193 975)
<b>Adjustments for:</b>		
Depreciation and amortisation	1 845 224 932	1 588 519 227
(Gain)/Loss on sale of assets	(409 343)	(470 508)
Loss/(income) from equity accounted investments	20 142 918	(29 868 763)
Fair value adjustments	(8 867 100)	(15 348 500)
Debt impairment	897 827 765	1 338 506 415
Movements in retirement benefit assets and liabilities	(80 157 000)	67 661 000
Movements in provisions	(915 113)	51 951 584
Inventory losses or write-downs	138 990	502 895
Other non-cash items	(4 160 425)	(211 006 074)
<b>Changes in working capital:</b>		
Inventories	(6 798 027)	(7 603 951)
Receivables from exchange transactions	(831 187 282)	(1 086 958 572)
Receivables from non-exchange transactions	(363 578 488)	(370 327 341)
Trade payables from exchange transactions	280 103 311	38 382 768
Unspent conditional grants and receipts	(20 480 652)	9 606 898
Consumer deposits	3 823 064	5 567 318
	<b>1 462 697 785</b>	<b>1 011 920 421</b>

### 46. Operating leases - as lessee (expense)

#### Minimum lease payments due - Buildings

- within one year	1 944 539	3 949 167
- in second to fifth year inclusive	46 928	1 944 539
	<b>1 991 467</b>	<b>5 893 706</b>

Operating lease payments represent rentals payable by the municipality 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 agreements between BCMM and third parties.

#### Minimum lease payments due - Printing Machines

- within one year	2 752 362	2 001 187
- in second to fifth year inclusive	3 365 722	862 394
	<b>6 118 084</b>	<b>2 863 581</b>

Operating lease payments represent rentals payable by the municipality 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.



# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 47. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Community (including housing)	86 063 440	73 858 569
• Infrastructure	223 189 368	440 787 481
• Other	36 729 654	24 396 751
• Annual contracts	22 270 622	11 284 702
	<b>368 253 084</b>	<b>550 327 503</b>

##### Total capital commitments

Already contracted for but not provided for	368 253 084	550 327 503
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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 is 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.

### 48. Contingencies

Litigation issues 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.	116 583 944	96 055 823
Labour issues These are instances whereby labour disputes have resulted in possible claims by employees.	31 466 858	29 978 749
Insurance issues These are instances whereby insurance claims have been instituted against Council by various third parties. Advice 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.	61 250 083	58 714 260
Other matters These are disputed invoices in terms of the standing contract between BCMM and Vodacom. Both parties are engaging in terms of resolving the dispute.	66 502 509	-
	<b>275 803 394</b>	<b>184 748 832</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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### 49. Related parties

#### Relationships

Controlled entities

Buffalo City Metropolitan Development Agency SOC Ltd

Associates

Refer to note 7

Members of key management

Refer to note 33 and 34

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 municipality issued grants of R44 253 862 to BCMDA during the current financial year (2022: R42 146 535) (VAT exclusive).

BCMDA has trade receivables of R0 (2022: R38 969 561) (VAT inclusive) and trade payables of R6 397 352 (2022: R0) which relates to transactions with BCMM.

BCMM has trade receivables of R6 397 352 (2022: R0) which relates to transactions with BCMDA.

BCMM reimbursed BCMDA with an amount of R21 226 622 (2022: R83 219 181) (VAT exclusive) for the implementation of the BCMDA East London Beachfront and Water World Project.

BCMM reimbursed BCMDA with an amount of R12 314 415 (2022: R0) (VAT inclusive). These claims relate to the Public Employment Programme that is funded through the Neighbourhood Development Partnership Grant.

Agency fees amounting to R1 698 130 (2022: R6 657 534) (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 received European funding from the National Treasury GBS allocation. BCMM rolled out the Duncan Village Waste Buy Back Centre through BCMDA as the implementing agent. In the current year under review, an amount of R0 (2022: R14 471 816) (VAT exclusive) was transferred to BCMDA.

BCMM paid an amount of R2 865 080 (2022: R3 231 656) VAT inclusive in respect of grass mowing, municipal services and office rental for the 2022/23 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.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 50. 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 2021

	Note	Error reference	As previously reported	Correction of error	Restated
Opening balance			11 466 059 522	-	11 466 059 522
Various		a,b,c,d,e,f,g,j	-	(204 619 704)	(204 619 704)
			<b>- 11 466 059 522</b>	<b>(204 619 704)</b>	<b>11 261 439 818</b>

### 2022

#### Summary of Statement of Financial Position

	Note	Error reference	As previously reported	Correction of error	Restated
Inventories	8		44 147 386	(1)	44 147 385
Receivables from non-exchange transactions	9	e,g	828 130 231	2 125 264	830 255 495
Receivables from exchange transactions	10	e,g,h	1 877 455 686	(38 299 831)	1 839 155 855
Cash and cash equivalents	12		677 023 479	-	677 023 479
Investment property	3		451 397 500	-	451 397 500
Property, plant and equipment	4	c,d	24 450 274 281	13 505 938	24 463 780 219
Intangible assets	5		10 070 513	-	10 070 513
Heritage assets	6		50 513 440	-	50 513 440
Investment in associate	7		706 317 270	-	706 317 270
Borrowings	16		(49 140 563)	-	(49 140 563)
Trade payables from exchange transactions	18	a,b,e,f,k	(1 357 270 667)	(238 176 467)	(1 595 447 134)
Consumer deposits	21		(79 793 423)	-	(79 793 423)
Employee benefit obligation	14		(29 148 000)	-	(29 148 000)
Unspent conditional grants	15		(274 305 540)	-	(274 305 540)
Provisions	17		(377 786 640)	-	(377 786 640)
Borrowings	16		(138 853 808)	-	(138 853 808)
Employee benefit obligation	14		(825 728 000)	-	(825 728 000)
Provisions	17		(99 082 969)	-	(99 082 969)
Revaluation reserve	13		(14 631 492 136)	(77 637 100)	(14 709 129 236)
Accumulated surplus		c,d	(11 232 728 040)	338 482 197	(10 894 245 843)
			<b>-</b>	<b>-</b>	<b>-</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 50. Prior-year adjustments (continued)

Detail of Statement of Financial Position	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Inventories - Electricity store (Electrical maintenance parts)	8	j	8 172 313	-	9 272 200	17 444 513
Inventories - Workshop store (Mechanical maintenance parts)	8	j	433 534	-	(9 552)	423 982
Inventories - Water store (Water maintenance parts)	8	j	2 668 306	-	5 868 462	8 536 768
Inventories - Unsold water (Treated water in pipelines & reservoirs)	8	j	13 493 759	-	(6 030 659)	7 463 100
Inventories - General stores (Chiselhurst, Mdantsane, KWT)	8	j	19 882 369	-	(9 100 452)	10 781 917
Receivables from non-exchange transactions - Other receivables (billing) - Gross	9	g	258 698 310	(485 215)	-	258 213 095
Receivables from non-exchange transactions - Other receivables (billing) - Impairment	9	e,j	-	5 644 923	(114 608 086)	(108 963 163)
Receivables from non-exchange transactions - Traffic fines - Impairment	9	j	-	-	(230 525 193)	(230 525 193)
Receivables from non-exchange transactions - Property rates - Gross	9	g	1 281 612 169	2 464 305	-	1 284 076 474
Receivables from non-exchange transactions - Property rates - Impairment	9	e	(1 007 720 230)	103 103	339 531 428	(668 085 699)
Receivables from exchange transactions - Electricity - Gross	10	g	886 531 402	(2 277 264)	-	884 254 138
Receivables from exchange transactions - Electricity - Impairment	10	e	(579 445 974)	2 602 024	-	(576 843 950)
Receivables from exchange transactions - Water - Gross	10	g	2 136 005 178	(51 508 021)	-	2 084 497 157
Receivables from exchange transactions - Water - Impairment	10	e	(1 543 828 537)	12 764 994	-	(1 531 063 543)
Receivables from exchange transactions - Waste water - Gross	10	g,i	552 018 170	(263 097)	-	551 755 073
Receivables from exchange transactions - Waste water - Impairment	10	e	(341 989 516)	68 283	-	(341 921 233)
Receivables from exchange transactions - Refuse - Gross	10	g	656 493 959	393 021	-	656 886 980
Receivables from exchange transactions - Refuse - Impairment	10	e	(387 891 351)	58 208	-	(387 833 143)
Receivables from exchange transactions - Rental debtors - Gross	10	h	85 079 713	(43 869 947)	-	41 209 766
Receivables from exchange transactions - Rental debtors - Impairment	10	h	(68 071 545)	36 459 355	5 601 851	(26 010 339)
Receivables from exchange transactions - VAT Accrual	10	e	98 447 533	(42 079)	-	98 405 454
Receivables from exchange transactions - VAT Control	10	h	32 623 324	1 712 843	-	34 336 167
Property, plant and equipment - Work in progress	4	c,d	4 665 269 576	(545 260 704)	-	4 120 008 872
Property, plant and equipment - Furniture and fixtures - Plant and machinery	4	d	113 247 860	736 976	-	113 984 836
Property, plant and equipment - Property, plant and equipment - Recreational facilities	4	d	54 384 557	142 212	-	54 526 769
Property, plant and equipment - Electricity infrastructure	4	d	281 069 522	639 778	-	281 709 300
Property, plant and equipment - Other property (halls, social housing)	4	d	4 379 684 957	5 285 848	-	4 384 970 805
Property, plant and equipment - Community buildings	4	d	1 557 271 245	12 956 224	-	1 570 227 469
Property, plant and equipment - Roads	4	d	1 168 016 178	55 723 948	-	1 223 740 126
Property, plant and equipment - Water network	4	d	6 170 745 052	200 272 481	-	6 371 017 533
Property, plant and equipment - Wastewater network	4	d	3 507 232 331	76 578 597	-	3 583 810 928
Trade payables from exchange transactions - Trade payables	4	d	2 167 683 596	206 430 565	-	2 374 114 161
Trade payables from exchange transactions - Trade payables	18	j	(713 579 525)	(13 490 479)	-	(727 070 004)

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022			
			*Restated			
<b>50. Prior-year adjustments (continued)</b>						
Trade payables from exchange transactions - Retention monies	18	f	(71 709 723)	342 642	-	(71 367 081)
Trade payables from exchange transactions - Deposits received	18		(8 453 840)	1 935 894	-	(6 517 946)
Trade payables from exchange transactions - Payments received in advanced	18		(194 561 464)	(230 766 556)	-	(425 328 020)
Trade payables from exchange transactions - Other creditors	18	a,b,k	(97 703 935)	(7 300 490)	-	(105 004 425)
Trade payables from exchange transactions - VAT accrual	18	e	(139 892 062)	11 102 516	-	(128 789 546)
Revaluation reserve			(14 631 492 136)	(77 637 100)	-	(14 709 129 236)
Accumulated surplus			(11 232 728 040)	338 482 197	-	(10 894 245 843)

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

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### 50. Prior-year adjustments (continued)

#### Statement of financial performance

#### 2022

Summary of Statement of Financial Performance	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Service charges	23	g,i	(4 312 992 772)	108 389 477	-	(4 204 603 295)
Rental of facilities and equipment	24		(21 116 429)	689 453	-	(20 426 976)
Other revenue (exchange)	26	i,j	(89 816 562)	235	23 878 654	(65 937 673)
Interest received	27	g,i,j	(153 746 938)	1 915 645	-	(151 831 293)
Agency fees	25		-	-	(23 878 654)	(23 878 654)
Property rates	28	g	(1 733 914 160)	35 245 051	-	(1 698 669 109)
Licences and Permits (non-exchange)	29		(12 127 953)	13 002	-	(12 114 951)
Interest (non-exchange)	30	g,i	(55 177 577)	872 739	-	(54 304 838)
Government grants and subsidies	31		(1 739 305 650)	-	-	(1 739 305 650)
Other revenue (non-exchange)	32	g	(82 193 719)	(69 221)	-	(82 262 940)
Public contributions and donations	22		(2 293 545)	-	-	(2 293 545)
Fines	22		(12 407 778)	-	-	(12 407 778)
Fuel levy	22		(652 199 000)	-	-	(652 199 000)
Employee related cost	33	a	2 510 296 808	2 084 252	-	2 512 381 060
Remuneration of councillors	34	b	64 682 669	1 813 236	-	66 495 905
Depreciation and amortisation	35	d	1 568 682 743	19 836 484	-	1 588 519 227
Finance cost	36		20 684 493	-	-	20 684 493
Debt Impairment	38	e	1 385 422 099	(46 915 684)	-	1 338 506 415
Repairs and maintenance	40	c	401 389 852	9 629 136	-	411 018 988
Bulk purchases	39		2 169 309 617	-	-	2 169 309 617
Contracted services	41		206 806 422	4 914 266	-	211 720 688
Grants and subsidies paid	42	k	127 077 774	821 612	-	127 899 386
General expenses	43		691 455 972	(5 377 198)	-	686 078 774
Gain/(Loss) on disposal of assets			(470 508)	-	-	(470 508)
Fair value adjustments	44		(15 348 500)	-	-	(15 348 500)
Share of surplus of associate			(29 868 763)	-	-	(29 868 763)
Inventories losses/write-downs			502 895	-	-	502 895
<b>Surplus for the year</b>			<b>- 233 331 490</b>	<b>133 862 485</b>	<b>-</b>	<b>367 193 975</b>

# Buffalo City Metropolitan Municipality

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### 50. Prior-year adjustments (continued)

Detail of Statement of Financial Performance	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Service charges - Other service charges	23	g	(112 732 892)	393 132	-	(112 339 760)
Service charges - Refuse removal	23	g	(388 555 132)	1 642 862	-	(386 912 270)
Service charges - Sale of electricity	23	g	(2 103 951 344)	31 750 390	-	(2 072 200 954)
Service charges - Sale of water	23	g	(1 271 864 255)	74 394 262	-	(1 197 469 993)
Service charges - Sewerage and sanitation charges - Non Pans	23	g	(360 934 063)	2 339 312	-	(358 594 751)
Service charges - Income forgone	23	i	2 455 819	(2 130 481)	-	325 338
Interest received - Interest charged on trade and other receivables	27	g	(121 383 153)	1 915 645	-	(119 467 508)
Other revenue - (exchange) - Sundry income	26	g	(3 625 932)	236	-	(3 625 696)
Rental of facilities and equipment	24	i	(21 116 429)	689 453	-	(20 426 976)
Property rates - Agricultural	28	g	(10 353 122)	109 464	-	(10 243 658)
Property rates - Commercial	28	g	(700 055 356)	12 142 375	-	(687 912 981)
Property rates - Industrial	28	g	(146 882 220)	558 303	-	(146 323 917)
Property rates - Public Benefit Organisation	28	g	(973 244)	86 206	-	(887 038)
Property rates - Public Service Purpose	28	g	(108 818 541)	23 362 193	-	(85 456 348)
Property rates - Residential	28	g	(739 978 130)	(680 486)	-	(740 658 616)
Property rates - Vacant land	28	g	(84 576 377)	(333 008)	-	(84 909 385)
Interest (non-exchange) - Interest receivables	30	g	(55 177 577)	872 739	-	(54 304 838)
Licences and permits (non-exchange) - Dog	29	g	(885 921)	13 002	-	(872 919)
Other revenue - (non-exchange) - Fire levy	32	i	(82 373 086)	110 814	-	(82 262 272)
Other revenue - (non-exchange) - Fire levy - Income forgone	32	i	179 367	(180 035)	-	(668)
Employee related costs - Basic emoluments	33	a	1 520 145 380	1 517 440	-	1 521 662 820
Employee related costs - Pension fund contributions	33	a	287 491 078	270 668	-	287 761 746
Employee related costs - Housing benefits and allowances	33	a	10 939 508	296 148	-	11 235 656
Remuneration of councillors - Councillors housing subsidy	34	b	10 333 065	644 111	-	10 977 176
Remuneration of councillors - Councillors pension contribution	34	b	3 523 615	93 647	-	3 617 262
Remuneration of councillors - Councillors salaries	34	b	27 719 592	974 418	-	28 694 010
Remuneration of councillors - Deputy Executive Mayor	34	b	646 442	3 260	-	649 702
Remuneration of councillors - Chief Whip	34	b	608 938	3 260	-	612 198
Remuneration of councillors - Executive Mayor	34	b	816 205	9 467	-	825 672
Remuneration of councillors - Mayoral Committee Members	34	b	6 101 685	75 607	-	6 177 292
Remuneration of councillors - Speaker	34	b	646 442	9 466	-	655 908
Grants and subsidies paid - Other Organisations	42	k	3 707 293	358 678	-	4 065 971
Grants and subsidies paid - Rural development	42	j	2 596 765	-	462 934	3 059 699
Repairs and maintenance - Other assets	40	c	27 956 628	9 629 136	-	37 585 764
Depreciation and amortisation - Property, plant and equipment	35	d	1 566 782 272	19 836 490	-	1 586 618 762
Debt Impairment	38	e	1 385 422 105	(46 915 690)	-	1 338 506 415
General expenses - License fees	43		4 014 398	363 478	-	4 377 876
General expenses - Lease rentals on operating lease	43	j	57 611 062	-	(5 277 743)	52 333 319
General expenses - Special events	43	j	486 642	-	(462 934)	23 708
Contracted services - Outsourced services - Business and Advisory	41	j	-	-	1 632 946	1 632 946
Contracted services - Litter Picking and Street Cleaning	41	j	15 639 948	-	(15 639 948)	-
Contracted services - Outsourced services - Personnel and Labour	41	j	35 256 202	-	13 869 002	49 125 204
Contracted services - Contractors - Building	41	j	2 290 630	-	1 770 947	4 061 577
Contracted services - Consultants and professional services - Business and Advisory	41	j	27 079 771	(363 477)	3 644 796	30 361 090
<b>Deficit for the year</b>			-	<b>133 862 485</b>		

# Buffalo City Metropolitan Municipality

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### 50. Prior-year adjustments (continued)

#### Cash flow statement

#### 2022

	Note	Error reference	As previously reported	Correction of error	Restated
<b>Cash flow from operating activities</b>					
Sale of goods and services		I	5 378 685 755	(61 177 747)	5 317 508 008
Government grants and subsidies			1 748 912 548	-	1 748 912 548
Interest income		I	208 924 515	(2 788 384)	206 136 131
Employee costs & Councillors remuneration		I	(2 507 404 638)	(3 897 492)	(2 511 302 130)
Suppliers		I	(3 745 832 219)	17 182 576	(3 728 649 643)
Finance costs			(20 684 493)	-	(20 684 493)
			<b>- 1 062 601 468</b>	<b>(50 681 047)</b>	<b>1 011 920 421</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment		I	(1 467 729 861)	50 681 047	(1 417 048 814)
Proceeds from sale of property, plant and equipment			1 263 980	-	1 263 980
			<b>- (1 466 465 881)</b>	<b>50 681 047</b>	<b>(1 415 784 834)</b>
<b>Cash flow from financing activities</b>					
Repayment of borrowings			(45 190 556)	-	(45 190 556)
		Note	As previously reported	Correction of error	Restated
<b>Other disclosure items</b>					
Commitments		47	386 742 169	163 585 334	550 327 503

#### Explanations of errors

- a) The error is in respect of results of the Job Evaluation process which was undertaken by BCMM with the calculations backdated from 1 July 2015 and payment done in the 2022/23 Financial year.
- b) The error relates to increases for Councillors with effect from 01 July 2021 as per the Government Gazette 46470 of June 2022, with payment done in the 2022/23 Financial year.
- c) Expenditure incurred relate to projects that were done in the capital votes that have been assessed and identified to be maintenance and will not be increasing the value of our assets.
- d) Adjustment relate to the capitalisation of assets that were completed in the previous financial year and the depreciation effect.
- e) During the 2023 financial year consumer accounts were adjusted which related to the prior period. Those adjustments were posted to the prior period and therefor the opening balance on debt impairment relating to the applicable consumer accounts also had to be adjusted in the prior period.
- f) Write back of retention as contract was terminated and retention withheld.
- g) Alignment of Revenue to Prior period/s. Journal adjustments were processed to customer accounts in 2022 2023, intended for prior periods.
- h) Reversal of leases revenue in the ledger as revenue was raised through the billing sub-ledger
- i) Correction of Revenue foregone votes to prior period. The transactions were posted in the Billing sub-ledger in July 2022 and had to be transferred to Prior period.
- j) Amount paid in current year to Amatola Water for debt not previously recognised in prior years.
- k) Payment made to BCMDA relating to prior year



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### 50. Prior-year adjustments (continued)

l) Cash flow effect of all prior period adjustments.

j) The population was revisited and corrected to clear any misstatements identified.

### 51. Comparative figures

Certain comparative figures have been reclassified. Refer to note 50 Prior year adjustments for detail

### 52. Risk management

#### Financial risk management

The municipality'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 municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality 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 12), deteriorating audit outcomes, low collection rates and trade debtors (refer note 9, 10 and 11). The municipality 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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### 52. Risk management (continued)

#### Market risk

##### Interest rate risk

The municipality 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 municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality 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	14.25 %	2 966 349 355	-	-	-	-
Cash in current banking institutions	7.06 %	113 560 363	-	-	-	-
Call Investments deposits	7.06 %	546 334 028	-	-	-	-
Trade and other payables - extended credit terms	7.75 %	1 209 000 974	-	-	-	-
Long term borrowings	8.35 %	30 246 178	28 813 896	25 085 847	20 829 396	33 878 491

##### Sensitivity Analysis of Market Risk

Effect of a 1% change in the interest rate	Current interest rate	Value as at 30 June 2023	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)
Trade and other receivables - normal credit terms	14.25 %	2 966 349 355	2 596 367 050	2 619 293 029	2 573 838 920
Cash in current banking institutions	7.06 %	113 560 363	106 071 701	107 071 811	105 090 101
Call Investments deposits	7.06 %	546 334 028	510 306 396	515 117 884	505 583 961
Trade and other payables - extended credit terms	7.75 %	1 209 000 974	1 122 042 667	1 132 553 606	1 111 725 034
Short term borrowings	8.35 %	50 157 564	46 292 168	46 723 395	45 868 829
Long term borrowings	8.35 %	88 696 244	81 860 862	82 623 422	81 112 249

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.

##### 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 municipality consists of debt, which includes the borrowings, cash and cash equivalents and equity.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The municipality is in an enviable position of having access to additional long-term facilities in order to invest in the replacement of infrastructure assets.

### 53. Going concern

The audited 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.

# Buffalo City Metropolitan Municipality

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### 54. Events after the reporting date

There are no events after reporting date to be disclosed

### 55. Unauthorised expenditure

Opening balance as previously reported	163 702 130	-
Add: Unauthorised expenditure - current	-	163 702 130
Less: Expenditure authorised in terms of section 32 of the MFMA	(163 702 130)	-
<b>Closing balance</b>	<b>-</b>	<b>163 702 130</b>

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	-	163 702 130
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#### Analysed as follows: non-cash

Debt impairment	-	163 702 130
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#### The 2023 unauthorised expenditure:

There is no unauthorised expenditure reported for 2022/2023 financial year.

#### Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Manager	-	1 005 770
Chief Financial Officer	-	25 208 766
Spatial planning and Development	-	1 838 284
Solid Waste, Environmental & Health Management	-	272 250
	<b>-</b>	<b>28 325 070</b>

#### The 2022 unauthorised expenditure:

The unauthorised expenditure for 2021/2022 mainly results from a non-cash item that is debt impairment.

The unauthorised expenditure per directorate in 2021/2022 can mainly be attributed to depreciation, debt impairment and contracted services (legal costs).

There was no unauthorised expenditure regarding the total budgeted amount.

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### 56. Fruitless and wasteful expenditure

Opening balance as previously reported	10 731 676	10 731 676
Add: Fruitless and wasteful expenditure identified - current	53 713	-
Less: Amount recoverable	(53 713)	-
<b>Closing balance</b>	<b>10 731 676</b>	<b>10 731 676</b>

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.

#### Cases under investigation

Investigations are still progress regarding 21 (2022: 21) which relate to interest on late payments and negligence.

#### Amount recoverable

There are no recoverable amounts.

#### Amount written-off

There are no amounts written off.

# Buffalo City Metropolitan Municipality

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<b>57. Irregular expenditure</b>		
Opening balance as previously reported	9 216 993 440	3 084 813 818
<b>Opening balance as restated</b>	<b>9 216 993 440</b>	<b>3 084 813 818</b>
Add: Irregular Expenditure - current	1 813 453 871	1 442 386 188
Add: Irregular Expenditure - prior period	-	4 689 793 434
<b>Closing balance</b>	<b>11 030 447 311</b>	<b>9 216 993 440</b>
<b>Analysis of expenditure awaiting write-off per age classification</b>		
Prior years (Opening balance)	9 216 993 440	3 084 813 818
Current year	1 813 453 871	1 442 386 188
Irregular expenditure identified in current year relating to prior years	-	4 689 793 434
	<b>11 030 447 311</b>	<b>9 216 993 440</b>
<b>Details of irregular expenditure</b>		
Procurement made outside SCM regulations	1 703 151 316	1 347 461 568
Bid Construction Contracts (BCC)	23 287 237	16 775 532
Annual contracts	51 527 110	54 927 993
Informal contracts	9 402 801	197 495
Formal contracts	-	94 685
3 Quotation System	903 975	39 600
Services of the state - Section 44 - Not-declared state employees	192 498	-
Expired leases	24 988 934	22 889 315
	<b>1 813 453 871</b>	<b>1 442 386 188</b>
<b>58. In-kind donations and assistance</b>		
FELZOO donated assistance to BCMM	10 690	17 819
FELA donated assistance to BCMM	3 600	3 600
Nahoon Point Nature Reserve	48 154	54 047
	<b>62 444</b>	<b>75 466</b>
The nature of the above In-kind donations and assistance amounts are ad-hoc cash donations which are non-exchange transactions.		
<b>59. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	17 237 606	16 378 276
Amount paid - current year	(17 237 606)	(16 378 276)
	-	-
<b>Contributions to SA Cities Network</b>		
Add: Losses identified - prior period	5 024 900	4 627 270
Less: Amounts recovered - current	(5 024 900)	(4 627 270)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	24 863 782	22 321 276
Amount paid - current year	(24 863 782)	(22 321 276)
	-	-

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### 59. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### PAYE, UIF and Skills Development Levy

Current year subscription / fee	422 027 857	420 351 584
Amount paid - current year	(422 027 857)	(420 351 584)
	-	-

Amounts in respect of June 2023 were paid by the 7 July 2023 as per legislation, therefore there were no outstanding amounts for the financial year 2022/23.

#### Pension and Medical Aid Deductions

Current year subscription / fee	623 067 562	616 778 826
Amount paid - current year	(623 067 562)	(616 778 826)
	-	-

Amounts in respect of June 2023 were paid by the 7 July 2023 as per legislation, therefore there were no outstanding amounts for the financial year 2022/23.

#### VAT

VAT receivable	104 398 852	3 952 075
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VAT output payables and VAT input receivables are shown in note 19.

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.

#### Councillors' arrear consumer accounts

Arrear Councillors accounts totalling R50 388 were outstanding for more than 90 days at 30 June 2023 (2022 R155 661) 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 2022 Stop orders are in place, whereby a monthly amount is deducted until the balance is settled.

30 June 2023	Outstanding more than 90 days R	Total R
Councillor M.L. Nyusile	12 454	12 454
Councillor N. Maxongo	37 934	37 934
	<b>50 388</b>	<b>50 388</b>
30 June 2022	Outstanding more than 90 days R	Total R
Councillor R. Angelbeck	50 400	50 400
Councillor N. Fishile	53 377	53 377
Councillor M.J. Mashiya	36 492	36 492
Councillor C.N. Matwele	12 205	12 205
Councillor N.E. Tshabe	3 184	3 184
	<b>155 658</b>	<b>155 658</b>

At year end, officials accounts totalling R9 308 126 (2022: R8 713 371) were outstanding for more than 90 days.

# Buffalo City Metropolitan Municipality

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### 60. 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.

Paragraph 36 of the same gazette 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 audited annual financial statements.

During the financial year under review goods/services totalling R175 082 777 (2022: R200 056 052) 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 2023	Value of contracts 2023
Emergency	7	4 530 310
Sole supplier	15	84 544 628
Other exceptional cases	12	86 007 839
	<b>34</b>	<b>175 082 777</b>

# Buffalo City Metropolitan Municipality

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### 61. Segment information

#### General information

#### Identification of segments

The municipality 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 municipality 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

Community and Public Safety

Economic and Environmental Services

Municipal Governance and Administration

Trading Services

Other

#### Goods and/or services

Service or activity that is performed by the Metro for the benefit of the public or its institutions.

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.

Management, cohesive policies, guidance, processes and decision-rights

Providing a service to customers at a tariff determined to "recover cost".

Tourism promotion & development and Operations of fresh produce market.



# Buffalo City Metropolitan Municipality

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### 61. Segment information (continued)

#### Segment surplus or deficit

2023

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>Revenue</b>						
Service charges	-	-	673 674	3 765 640 956	-	3 766 314 630
Rental of facilities and equipment	2 391 351	1 696 625	17 976 042	-	2 436 911	24 500 929
Agency fees	21 870 747	-	-	-	-	21 870 747
Other revenue (exchange)	12 777 557	11 693 083	16 547 046	4 553 905	29 423 593	74 995 184
Interest received	-	-	261 622 032	-	-	261 622 032
Property rates	-	-	1 791 370 242	-	-	1 791 370 242
Licences and permits (non-exchange)	11 998 963	-	-	-	217 073	12 216 036
Interest (non-exchange)	-	-	85 675 639	-	-	85 675 639
Government grants and subsidies	336 910 354	279 521 834	489 095 969	788 210 742	31 301 254	1 925 040 153
Other revenue (non-exchange)	82 451 262	-	-	-	-	82 451 262
Public contributions and donations	1 085 056	-	-	3 075 369	-	4 160 425
Fines	6 973 578	-	-	-	-	6 973 578
Fuel levy	-	-	719 203 000	-	-	719 203 000
<b>Total segment revenue</b>	<b>476 458 868</b>	<b>292 911 542</b>	<b>3 382 163 644</b>	<b>4 561 480 972</b>	<b>63 378 831</b>	<b>8 776 393 857</b>

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	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>61. Segment information (continued)</b>						
<b>Expenditure</b>						
Employee related cost	(880 398 587)	(190 571 142)	(616 682 307)	(699 344 132)	(45 025 083)	(2 432 021 251)
Remuneration of councillors	-	-	(66 749 188)	-	-	(66 749 188)
Depreciation and amortisation	(109 498 097)	(910 231 024)	(178 710 566)	(646 785 245)	-	(1 845 224 932)
Finance cost	(1 344 795)	(4 668 920)	(1 356 220)	(8 305 075)	(399 867)	(16 074 877)
Debt impairment	(82 512 887)	-	(519 856 473)	(295 458 405)	-	(897 827 765)
Repairs and maintenance	(36 961 520)	(128 914 502)	(36 149 683)	(241 116 265)	(1 490 552)	(444 632 522)
Bulk purchases	-	-	-	(2 206 834 982)	-	(2 206 834 982)
Contracted services	(38 273 145)	(11 466 890)	(107 660 432)	(99 780 402)	(10 168 615)	(267 349 484)
Grants and subsidies paid	(11 212 936)	-	(55 591 478)	(20 969 248)	(49 721 222)	(137 494 884)
General expenses	(112 275 903)	(30 577 915)	(315 763 361)	(237 917 519)	(22 653 574)	(719 188 272)
Loss on disposal of assets	-	-	409 343	-	-	409 343
Fair value adjustments	-	-	8 867 100	-	-	8 867 100
Share of surplus/(deficit) of associate	-	-	(20 142 918)	-	-	(20 142 918)
Inventory losses/write-downs	-	-	(138 990)	-	-	(138 990)
<b>Total segment expenditure</b>	<b>(1 272 477 870)</b>	<b>(1 276 430 393)</b>	<b>(1 909 525 173)</b>	<b>(4 456 511 273)</b>	<b>(129 458 913)</b>	<b>(9 044 403 622)</b>
<b>Total segmental surplus/(deficit)</b>						<b>(268 009 765)</b>
Total Revenue as per Statement of Financial Performance						8 776 393 857
Total Expenditure as per Statement of Financial Performance						(9 033 398 157)
Other items as per Statement of Financial Performance						(11 005 465)
<b>Municipality's surplus (deficit) for the period</b>						<b>(268 009 765)</b>

The municipality does not disclose segment assets and liabilities as they are not regularly reported on and reviewed by management.

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### 61. Segment information (continued)

2022

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>Revenue</b>						
Service charges	-	-	60 947 361	4 143 655 934	-	4 204 603 295
Rental of facilities and equipment	2 141 290	1 267 506	14 131 675	-	2 886 505	20 426 976
Agency fees	23 878 654	-	-	-	-	23 878 654
Other revenue (exchange)	12 118 593	13 178 290	8 950 948	6 276 009	25 413 833	65 937 673
Interest received	-	-	151 831 293	-	-	151 831 293
Property rates	-	-	1 698 669 109	-	-	1 698 669 109
Licences and permits (non-exchange)	11 871 474	-	-	-	243 477	12 114 951
Interest (non-exchange)	-	-	54 304 838	-	-	54 304 838
Government grants and subsidies	303 414 510	219 555 614	433 711 202	732 407 262	50 217 062	1 739 305 650
Other revenue (non-exchange)	82 262 940	-	-	-	-	82 262 940
Public contributions and donations	2 293 545	-	-	-	-	2 293 545
Fines	12 407 778	-	-	-	-	12 407 778
Fuel levy	-	-	652 199 000	-	-	652 199 000
<b>Total segment revenue</b>	<b>450 388 784</b>	<b>234 001 410</b>	<b>3 074 745 426</b>	<b>4 882 339 205</b>	<b>78 760 877</b>	<b>8 720 235 702</b>

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	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
<b>61. Segment information (continued)</b>						
<b>Expenditure</b>						
Employee related cost	(865 778 904)	(184 971 478)	(733 184 171)	(683 663 434)	(44 783 073)	(2 512 381 060)
Remuneration of councillors	-	-	(66 495 905)	-	-	(66 495 905)
Depreciation and amortisation	(93 920 127)	(770 165 223)	(152 642 796)	(571 383 451)	(407 630)	(1 588 519 227)
Finance cost	(1 334 296)	(6 117 987)	(1 566 445)	(11 259 890)	(405 875)	(20 684 493)
Debt impairment	(72 604 045)	-	(516 279 280)	(749 623 090)	-	(1 338 506 415)
Repairs and maintenance	(28 521 575)	(122 537 160)	(27 628 362)	(230 695 895)	(1 635 996)	(411 018 988)
Bulk purchases	-	-	-	(2 169 309 617)	-	(2 169 309 617)
Contracted services	(20 748 323)	(6 831 864)	(98 013 759)	(81 249 516)	(4 877 226)	(211 720 688)
Grants and subsidies paid	(11 362 676)	-	(55 339 228)	(501 351)	(60 233 197)	(127 436 452)
General expenses	(118 529 483)	(27 519 543)	(320 875 937)	(194 183 970)	(25 432 775)	(686 541 708)
Loss on disposal of assets	(19 452)	-	918 159	(428 199)	-	470 508
Fair value adjustments	-	-	15 348 500	-	-	15 348 500
Share of surplus/(deficit) of associate	-	-	29 868 763	-	-	29 868 763
Inventory losses/write-downs	-	-	(502 895)	-	-	(502 895)
<b>Total segment expenditure</b>	<b>(1 212 818 881)</b>	<b>(1 118 143 255)</b>	<b>(1 926 393 356)</b>	<b>(4 692 298 413)</b>	<b>(137 775 772)</b>	<b>(9 087 429 677)</b>
<b>Total segmental surplus</b>						<b>(367 193 975)</b>
Total Revenue as per Statement of Financial Performance						8 720 235 702
Total Expenditure as per Statement of Financial Performance						(9 132 614 553)
Other items as per Statement of Financial Performance						45 184 876
<b>Municipality's surplus for the period</b>						<b>(367 193 975)</b>

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### 61. Segment information (continued)

#### Information about geographical areas

The municipality'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.

### 62. Accounting by principals and agents

The municipality is party to principal-agent arrangements.

#### Details of the arrangements 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 R400 696 988 million owing to BCMM.

#### Municipality as agent

##### Resources held on behalf of the principals, but recognised in the entity's own financial statements

No resources are held on behalf of the principals.

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R21 870 747 (2022: R23 878 654).

##### Corresponding rights of reimbursement recognised as assets

Corresponding rights of reimbursement that have been recognised as assets are R400 696 988 (2022: R351 483 328) Refer to note 10, Accrued income.

#### Municipality as principal

##### Resources (including assets and liabilities) of the entity under the custodianship of the agent

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 28 Grant and Subsidies Paid and note 48 Related parties, for further details.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022  
\*Restated

### 62. Accounting by principals and agents (continued)

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 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 42, Grant and Subsidies Paid and note 49 Related parties for further details.

### 63. Cash flows from operating activities

#### Sale of goods and services

Total revenue from Statement of Financial Performance		8 776 393 857	8 720 235 702
Less: Interest received - (exchange)	27	(261 622 032)	(151 831 293)
Less: Interest received - (non-exchange)	30	(85 675 639)	(54 304 838)
Less: Government grants and subsidies	31	(1 925 040 153)	(1 739 305 650)
Less: Public contributions and donations (non-cash item)	22	(4 160 425)	-
Movement in receivables from exchange transactions	45	(831 187 282)	(1 086 958 572)
Movement in receivables from non-exchange transactions	45	(363 578 488)	(370 327 341)
		<b>5 305 129 838</b>	<b>5 317 508 008</b>

#### Government grants and subsidies

Government grants and subsidies	31	1 925 040 153	1 739 305 650
Movement in unspent conditional grant	45	(20 480 652)	9 606 898
		<b>1 904 559 501</b>	<b>1 748 912 548</b>

#### Employee costs & Councillors remuneration

Employee related costs	33	(2 432 021 251)	(2 512 381 060)
Councillors remuneration	34	(66 749 188)	(66 495 905)
Movement in post-retirement medical aid benefit obligation	45	(80 157 000)	67 661 000
Movement in bonus provision	17	(1 098 241)	(86 165)
		<b>(2 580 025 680)</b>	<b>(2 511 302 130)</b>

#### Suppliers and other payments

Total expenditure as per the Statement of Financial Performance		(9 033 398 157)	(9 132 614 553)
Less: Employee related costs	33	2 432 021 251	2 512 381 060
Less: Councillors remuneration	34	66 749 188	66 495 905
Less: Finance costs	36	16 074 877	20 684 493
Less: Depreciation and amortisation	35	1 845 224 932	1 588 519 227
Less: Debt Impairment	38	897 827 765	1 338 506 415
Movement in provisions relating to landfill sites	17	183 128	52 037 749
Movement in trade payables from exchange transactions	45	280 103 311	38 382 768
Movement in inventory	45	(6 798 027)	(7 603 951)
Movement in consumer deposits	45	3 823 064	5 567 318
Non-cash adjustments	45	-	(211 006 074)
		<b>(3 498 188 668)</b>	<b>(3 728 649 643)</b>

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022  
\*Restated

### 64. 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:

- 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 LA Retirement Fund's last actuarial valuation was at 30 June 2022 conducted by S. Neethling from Momentum Consultants and Actuaries. The fund was in a sound financial condition with a funding level of 100%.

The Consolidated Retirement Fund's last actuarial valuation was at 30 June 2022 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 2022 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% at valuation date.

The Government Employees Pension Fund's last valuation was at 31 March 2021 conducted by AR. Pienaar of Alexander Forbes Financial Services who confirmed that the fund was in a sound financial condition.

Municipal Worker's Retirement Fund (previously known as SAMWU National Provident Fund) last actuarial valuation was at 30 June 2020 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 2020.

The SALA Pension Fund's last valuation was at 01 July 2021 conducted by J.F. Rosslee of ARGEN Actuarial Solutions. The fund was 85.5% funded as at the current 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 Municipal Worker's last Actuarial Valuation was at 30 June 2021 and prepared by G. Grobler from Alexander Forbes Financial Services who confirmed that the fund continues to be able to meet its 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 R23,2 million.

An amount of R424.1 million (2022: R420.1 million) was contributed by Council, Councillors' and employees' in respect of Councillor and employee retirement funding. These contributions have been expensed.

# Buffalo City Metropolitan Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

## Notes to the Audited Annual Financial Statements

Figures in Rand

2023

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\*Restated

### 65. 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	2023	2022
C.C Mandleni		Filing clerk	-	2 297 749
Z. Nkopo		Technician	-	119 128
L. Boya		Communication Officer	2 517 906	2 255 485
M. Mqikela		Skills development	2 670 414	1 032 249
S. Mxesibe		Geomatics Technician	245 916	-
C.F. Stoffels		Informal contract	4 209 569	2 723 524
A. Qwede		Office Manager	107 266	42 243
H.C. Prince		Administrative officer	466 628	340 957
Z. Gqokoza		Equipment operator	143 187	333 385
S.C. Nkubungu		Project Manager	1 192 774	436 623
S. Sopazi		Staff accounts	165 273	143 092
Z. Mkwanti		Artisan Assistant	171 325	362 907
K. Somdaka		Office Manager	392 255	-
S. Xoki		Chief risk officer	3 623 857	-
A. Fredericks		Senior meter reader	159 522	-
Z. Ndzondo		Bid Secretariat	9 717 529	1 739 238
A. Ceba		BCX Director	19 995 211	13 563 133
T. Goba		Director	4 050 168	9 453 565
J.S.P. Matsebula		Director	773 975	968 445
K.P. Mfene		Admin clerk	58 300	52 200
H. Nazir		Teacher	699 575	680 000
A. Gunyazile		BCMM Councillor	-	12 745
N. Mbali Majeng		Director - Spatial Planning and Development	163 000	-
V. Zitumane	BCMDA Board member		4 082 851	4 280 236
			<b>55 606 501</b>	<b>40 836 904</b>





# **BCMM 2022–2023 ANNUAL REPORT**

**VOLUME III: BUFFALO CITY  
METROPOLITAN DEVELOPMENT  
AGENCY (BCMDA) ANNUAL REPORT  
2022/2023**



**BCMDA**  
**BUFFALO CITY METROPOLITAN**  
DEVELOPMENT AGENCY

**Buffalo City Metropolitan Development Agency**

**Draft Integrated Annual Report 2022/23**

*Disclaimer:*

*The Statement by the Honorable Mayor, Board Chairpersons reports, Acting CEO, Chair of Audit and Risk Committee and Directors report has been circulated and will be signed-off post comments.*

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## **MAYORS FOREWORD AND EXECUTIVE SUMMARY**

### **About the entity**

The Buffalo City Metropolitan Development Agency (BCMDA) is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality. It is a successor to the Buffalo City Development Agency that was established as a non-profit company by the Municipality in 2004.

As the legislation evolved over time, it was deemed necessary to become a profit orientated company and BCMDA was established as a profit company on 20 April 2016 through a Memorandum of Incorporation, in terms of the Companies Act, 1973 as amended. This allows the Agency to transact, generate funds and have a borrowing capacity to carry its mandate to increase economic growth through tourism, economic and social development as well as property management and commercialisation.

The BCMDA is established as a juristic person operating as a municipal entity, which has been classified in terms of the Municipal Finance Management Act. As an entity of BCMM, the BCMDA thus extends the BCMM's capability with respect to the identification, planning and implementation of development projects for the benefit of the entire municipal area.

The BCMDA's outcomes are aligned with those set out in the Buffalo City Metropolitan Municipality's (BCMM) 2017/18–2020/21 integrated development plan and the BCMM 2030 Metro Growth and Development Strategy (MGDS 2030).



## **STATEMENT BY THE HONORABLE MAYOR**

It is my honour to present the Buffalo City Metropolitan Development Agency 2022-2023 Annual Report to the citizens of the metro, our stakeholders, and the general public. The Buffalo City Metropolitan Development Agency (BCMDA) is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality.

The agency's mandate is to increase economic growth through tourism, economic and social development. Further to this the agency's mandate is to advance and drive property development and commercialization of the metro's strategic assets. This mandate is directed at bringing value to the agency's primary shareholder, the municipality, by improving the municipality's capacity to execute service delivery, as well as ensuring stakeholder value creation by improving the lives of the citizens of the metro.

At the core of ensuring the execution of this complex mandate is good governance and alignment between the vision and mission of the BCMDA and that of the Municipality. I am therefore pleased that during the year under review the agency has been able to leave up to these positive tenets of good governance. We were able to manage a seamless transition of the BCMDA board under the leadership of the former chairperson Mr. Thembinkosi Bonakele to the then acting chairperson Ms Nolitha Peterson. For this reason, I would like to thank the former board for their commitment and stewardship of the organisation during its teething years. This team of dedicated South Africans laid a solid governance framework which the new board has taken over with great vigour and fortitude.

As we drive towards the Agency's development to maturity, I look forward to further engaging with the new board. We also held a successful Annual General Meeting under the new board. I am pleased to have been part of this engagement and appreciated the positive outcomes of the Office of the Auditor General that gave the agency an unqualified audit, however, there still room for improvement and I challenge the agency to strive for a clean audit. I am also pleased to have been able to engage the new board during its strategic planning session which was well attended by the heads of departments from the city as well as the then MMC for Spatial Development Planning Ms Noma-Africa Maxongo as well as the MMC for Economic Development and Agencies Ms Sixolisiwe Ntsasela. We need a more integrated approach to executing our projects and this is why as we go forward; I would like to see the Agency working even closer with the city. Our dwindling resources, a weakening in our revenue collection coupled with greater social

pressures will require us to innovate and work even closer, the One District Model provides such an opportunity for working closer together.

The tourism sector has not been performing well for some time at all spheres of government, Buffalo City Metropolitan Municipality had a total tourism spending of R 1.2 billion in 2020 with an average annual growth rate of -8.0% since 2010 (R 2.75 billion). The Eastern Cape Province had a total tourism spending of R 6.69 billion in 2020 and an average annual growth rate of -7.3% over the period. Total tourism spending in South Africa decreased from R 188 billion in 2010 to R 95.8 billion in 2020 at an average annual rate of -6.5%. It is evident that tourism does have a great potential to contribute to our economy, what is important now is how does the agency position the metro for a turn-around trajectory.

I am encouraged by some of the thinking that is emerging from the agency about locating the metros unique selling point to attract tourism through the integration of traditionally marginalized potential tourism destinations such as Duncan Village and Mdantsane. Duncan Village is home to Dr Rubusane as well as a strategic birthplace for boxing in our metro and South Africa. The metro has a good story to tell and has contributed to some of the iconic achievements in the country. This content must continue to be developed and supported by the requisite infrastructure such as proper roads, SMME development and public art features in order to create opportunity for our citizens. The metro's bold investment into the redevelopment of Water World and Court Crescent show further commitment by the metro to reviving the tourism sector. While there have been implementation challenges in these projects that I am not happy with, I still hold the view that the Water world and Court Crescent projects are of strategic importance and must be completed immediately.

I note that the agency was able to make some inroads in its property investment work and has been able to secure investors for a number of the properties including, Seaview Terrace and the Sleeper Site and Marina Glan A. I however must caution the agency to work very delicately with stakeholders as it seeks to achieve this work. Our development aspiration must ensure that we are as inclusive as possible but also practical. The property market has still not rebounded back to the levels before Covid 19 and securing investors at this time of the economic cycle may not be easy, so we must walk a tight rope of ensuring that we take care of our people but also create jobs through working well with our investor community and not chasing or weakening investor confidence, this is why we set up the agency.

I am pleased to also see that the agency has taken a stand against the fight against crime and grime in our city. These two evils continue to bedevil our hopes at improving the investment climate in the city as well as boosting business confidence. I therefore positively acknowledge the role the agency is playing in partnership with Border Kie Chamber of Business- the BCMM Solid Waste Department in cleaning the streets. Through its programmes supported by National Treasury the BCMDA created and sustained over 250 jobs during the year. Many of these jobs were taken up by our sisters and mothers as well as the youth. The streets are starting to look better but there is more to be done.

In conclusion, citizens of the metro, our stakeholders, and the general public, I am of the view that the BCMDA has put in place the necessary governance framework to position the organisation well into its next five years. Critical elements going forward will be how the organisation is able to distinguish itself from the municipality yet supporting it, this will require ensuring that its scope is clear and distinct while supportive. Its work must be innovative and strategic, where it lacks in size it must make up for in skills and efficiencies. I am confident that the leadership and management of the BCMDA will develop the necessary strategies and operational plans to execute this mission.

To be signed after comments

---

**Honorable Executive Mayor**

**P Faku**

## **CHAIRPERSONS STATEMENT**

It is an honour to present the 2022-2023 BCMDA Integrated Annual Report on behalf of the Board of Directors. We are a new board that took over on an interim basis as from the 1<sup>st</sup> of September 2022 and eventually confirmed on the 1<sup>st</sup> of August 2023 post the financial year of this report. I would like to acknowledge the good work of the previous board, their contribution to the Agency is invaluable. As the new board we appreciate the governance systems and organisational development that they set in place.

It has been an eventful year, and I must thank management for the good work that has been done thus far, from the time of our induction to now. I appreciate the efforts of management in arranging a very insightful and thought through induction programme for us as interim board members when we assumed office. This two-day process included a series of presentations by managers, executives, and the then chief executive, as well as site visits to key projects of the agency. This process significantly got us up to speed on the Agency agenda and core project progress. I must also express my sincere gratitude to outgoing board chair Mr Thembinkosi Bonakele, for taking the time to join me and the other board members during our induction.

This annual report is therefore the first report published under the new board and I am indebted to the invaluable strategic inputs and contributions that have gone towards its development. I appreciate the dedication of various members of the board, the various committees and committee chairpersons to this process. I am convinced that this report provides a frank and honest account of the affairs of the Agency during the 2022-2023 financial year.

This annual report marks the 6<sup>th</sup> year that the Agency has been in operation subsequent to Council approving its existence and mandate in the 2015 December Council. This report accounts for performance that the Agency undertook during the 2022-2023 financial year and is accordingly marked against the 2022-2023 Annual Performance Plan that was approved by the previous Board of Directors as adjusted during mid-year. In line with the tenants of good governance, organisational accountability, and sustainability we present this Annual Report to provide the shareholder, stakeholders, and our partners with an account of the BCMDA's performance under the year in review.

### **Corporate Governance Mandate of the Board of Directors**

As reported in the BCM integrated development plan (IDP) in 2020 the Buffalo City Metropolitan Municipality had a human development index (HDI) of 0.666 compared to the Eastern Cape which had a HDI of 0.602 and the national HDI was 0.661. The HDI is a summary measure of human development that considers health, knowledge, and standard of living of a specific determined space. This means that comparatively, the BCMM is doing better than other provinces and the country as a whole even though marginally. While we can accept the positive news that we are not doing badly, we must accept that we have more to deliver to the citizens of BCMM, our core stakeholder. The IDP report further highlighted that 18,9% of Buffalo City households had experienced inadequate or severely inadequate access to food during the preceding year, this situation defines our development discourse challenge. It sets the mission of the Board's work, which at its core is an objective of continuously steering the Agency and giving it strategic guidance to pursue policies, strategies and programmes that are geared towards creating an equitable and just society through the improvement of the local economy and investment outlook. We are challenged to ensure continual value creation for shareholder and our primary stakeholders.

As the new board of directors, we are clear that our vision is to develop an agency that is innovative and creates inclusive investment opportunities that are targeted towards creating a vibrant, integrated resilient economy. This position was made clear during our strategic board session which was attended by the Honorable Executive Mayor Faku and a select number of members of the Mayoral Committee.

The Board is encouraged by the affirmation that it received from the Executive Mayor and her sentiments that we are on the right direction in steering this ship. We are further encouraged by the comradery spirit and input we received from several heads of departments that were able to be part of our strategic planning. Our values are agility, innovation, integration and alignment, efficacy and effectiveness and professionalism. We believe that we are leaving up to these values and we continue to be guided by the Buffalo City Metro Growth Development Strategy (MGDS) in our work.

### **Board Functionality, organisational performance and change management.**

As indicated above, we are a new board that took over on an interim basis as from the 1<sup>st</sup> of September 2022, as such, the first few months were directed at ensuring the necessary board governance structures were in place. In this regard we conducted several assessments of the

Agency's performance and goals, this included annual performance review exercises and quarterly performance reviews. We assessed the governance structures of the previous board. These efforts culminated in the establishment of the appropriate committees as well as the board workplan. The required committees were put in place and assignment of members to these committees was done. The work of setting up the governance structures as well as other matters of concern that we picked up required that the board meet fairly frequently. I must thank the committee members for their flexibility and commitment to the agency as in many times we had to meet at awkward hours. The centre holds, and the board has been able to keep the BCMDA on a positive course despite numerous significant challenges.

It would be misleading of me to say that the challenges have not had an impact on organisational performance. In the year under review the following scorecard was achieved. In total, 51% of the targets set were achieved for the year, down from 68% in the previous year. We however have navigated through all this and have been able to execute appropriate change management interventions to reassure the staff and ensure positive moral.

All scheduled meetings and resolutions of the Board and the sub-committees took place and were implemented. Management was able to account in all these platforms regarding the implementation of the Agency's programs and the utilization of resources. I am pleased that through all of this the Agency has been able to emerge with an unqualified audit opinion. The board wishes to express its appreciation to BCMDA management and staff for its commitment to good governance and accountability. We note also that there is room for improvement as identified by the audit process and have challenged management to rise to the occasion and address these. Having made significant progress in stabilising the governance and systems of the organisation, the focus for the next financial year will be on setting up the Agency on a path for improved performance, this will not be easy and without its own challenges but with the support of the Executive Mayor, the City Manager and his team, the BCMDA board and Executive, it will be achieved.

To be signed after comments

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**Ms. Nolitha Pietersen**  
**Chair of the Board**

## **CHIEF EXECUTIVE OFFICERS REPORT**

As the interim Chief Executive Officer, I am pleased to present the BCMDA annual report for the 2022/23 financial year. The annual report was prepared within a context of a changing and adapting Agency as well very trying governance, social and economic environment in which the Agency operates. The raising cost of living and essential commodities, the remnants of the COVID-19 pandemic which has only seen performance of the economy in certain sectors such as mining and retail reaching pre-COVID levels. Other sectors such as tourism, construction and manufacturing remain constrained and lackluster. We must not forget that the National State of Disaster has only been lifted as from 5 April 2022.

## **STRATEGY**

As in the previous year's we have kept the key strategic thrusts the same whilst we reviewed the focus which will kick in the new financial year. We take these priorities from the 2010 resolution of Council of the City to pursue development especially with regard to tourism, investments, safety and security of the City through an Agency. These have been formalized in memorandum of incorporation and service development agreement with the City who is the sole shareholder of the Agency.

In the year under review the Agency continued to pursue the five outcomes it set self which are:

*Outcome 1: A dynamic tourism attractions.*

*Outcome 2: Attractive home for global investment.*

*Outcome 3: A robust property market*

*Outcome 4: Deliver socio-economic development programmes.*

*Outcome 5: Well-governed and viable agency.*

**Outcome 1** focuses on the collection and dissemination of a robust tourism, market, research, and intelligence. It further includes creating an enabling environment for tourism product development and signature events.

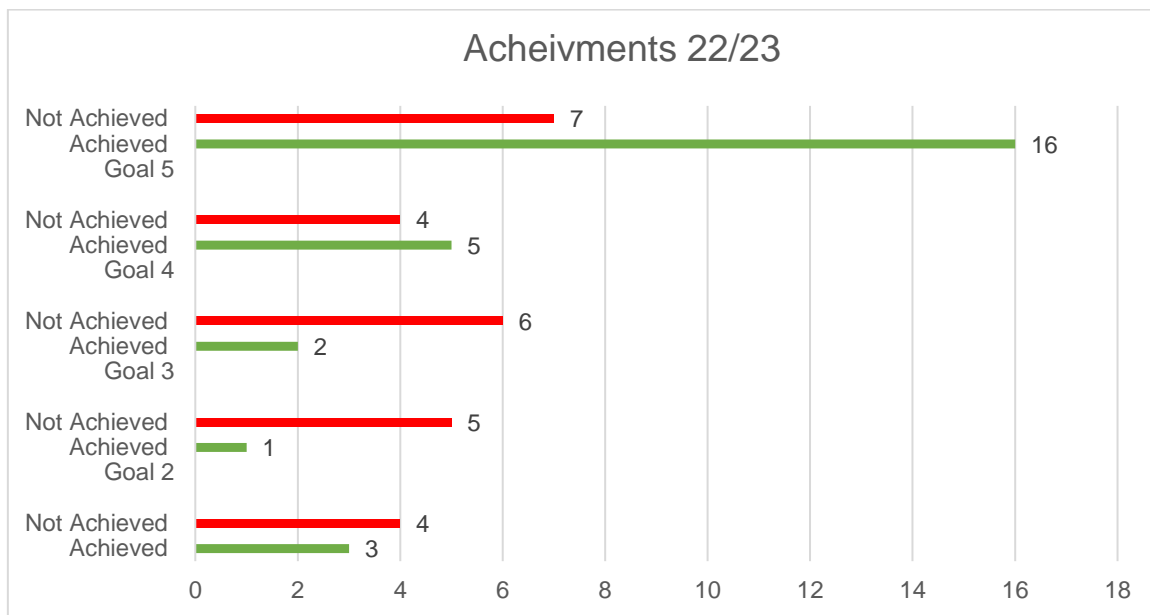
**Outcome 2** deals with the sustainability and profitability of the BCMDA's investment portfolio as well as increased investment in Tourism, Property, and Industrial Sectors.

**Outcome 3** focuses on acquiring property for development, revitalisation of urban and rural spaces in the Metro, implementation of integrated initiatives for beachfront development.

**Outcome 4** focuses on implementing the Agency’s socio-economic development programme. This includes developing programme that enable the inclusive participation in tourism, rural development, and industrial economic sectors.

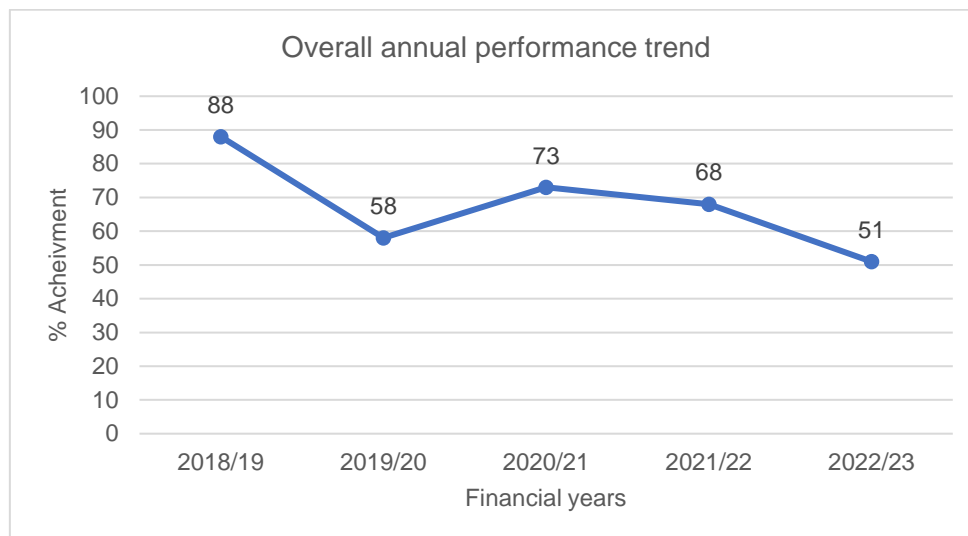
**Outcome 5** deals primarily with the financial health of the institution and shared services to support the institution.

In the year under review the following scorecard was achieved. In total, 51% of the targets set were achieved for the year down from 68% from the previous year due to the budget alignment and reprioritization of the priorities and spending during mid-year. The realignment of the annual performance plan to suite the land development and construction projects created challenges with both delivery of the targets as well ancillary targets related to the land investments and construction projects resulting in non-achievements. Despite the adjustment of targets in the mid-year the review did not result in a change in the outcome due to the legal, construction, investment facilitation on land parcels and financial challenges experienced by the Agency.



**Figure 1: Achievements for 22/23**





**Figure 2: Overall annual performance trend**

## HUMAN RESOURCES

The BCMDA has still to commence with an organisational development process as an outcome of the review of the strategy. The vacancy rate remains high namely above 50% due to an unfinished organisational development process. With the confirmation of the Board done in the new financial year and finalisation of the appointment of Chief Executive Officer this process will commence in the third or fourth quarter of the current financial year. BCMDA aims to be an employer of choice and skills attraction and retention as key. In doing so the Agency endeavoured to appoint senior level staff in the new financial year to drive the core areas of the work of the entity especially in tourism development, socio economic development, Property Development and Management, Investment Promotion and Management. The process to do such has commenced and is bearing fruit. The Agency continued to ensure that policies are updated, critical vacancies are replenished, performance management and learning and development was undertaken to ensure the core competencies of the agency is retained to deliver on the mandate of the Agency.

## OPERATIONAL ENVIRONMENT

The Agency resolved that the core areas of work especially in the undertaking of property management and development, investment promotion and socio-economic development remained key and top of mind in its resolve to ensure its an innovative agency that catalyses investment opportunities for vibrant, integrated, and inclusive city. The operational

environment is guided by our risk assessment. Thirteen strategic risks were identified that primarily revolve around the risks in the economic, financial and property market. Implementation of mitigation actions take place through the implementation of the tourism infrastructure master plan, to create an enabling environment for economic development and attract new investment to the city, and the effective management of projects and programmes.

With respect to creating a dynamic tourist city, it has been five years since the agency begun its work to develop the tourism development program which is mandated in the Agency's founding service delivery agreement. This program has been partially capacitated by the City and the program aims to undertake niche programmes within its influence and to ensure that tourism infrastructure and route development and prioritisation remains a priority in every area of the City. Perceptions of the City must be altered to ensure that every service, development or activity is aimed at increasing tourists. The City must be clean and crime free. During the year, BCMDA finalised the completion of the Duncan Village route with a story line aimed at ensuring that narrative is told accurately and phase one has been finalised which is the refurbishment of the Dr Rubusane's grave site. In the next three years work is planned for the installation of interactive interpretative boards, deepening the tourism routes especially in the Beach front or Esplanade, Mdantsane, Qonce, Bhisho and Dimbaza. These are meant to ensure we create businesses cases and stakeholder engagements with potential partners and is directly meant to increase the historical and cultural value of the City and its rich diversity.

Likewise, the Agency always aims to become a globally attractive home for investments and economic development while working with other key development agencies and local business formations. Crowding in industrialisation remains a key priority whilst looking for alternative sources of revenue especially through a development facilitation fee. The plans undertaken over financial year will result in dividends in the coming years especially with the investors and partners we have secured. I am pleased to state the following:

- a. Marina Glen A, Sleeper site and Seaview terrace has been extensively discussed and key Agency decisions were consolidated made to ensure that developments progress speedily in the new financial year. These decisions are critical for the sustainability of the Agency and needed a rethink.
- b. Extensive work also been done on the Victoria grounds development in Qonce, race-track and Water World hotel development projects. These projects needed to be

balanced with competing interests and also ensure that work on them pass stakeholder and regulatory muster.

- c. Property development over the year was slow and was impeded by legal and contractual hurdles. The balance between value for money using rate payer's resources, progress implementation of the project and development of the City was tricky and perilous. Court Crescent is at 99% completion while Water World was at 66% completion with both projects requiring additional resources in varying amounts.

The Water World recreational park remains a challenge especially with contractual obligations from the contractor.

For the year under review, I am pleased that the business improvement district strategy, public safety and security program and integrated beachfront programme was implemented successfully. In the public safety and security programme, 56 people with 8 security guards were employed to ensure that the beachfront is patrolled and safe 24 hours a day. This contributes to lowering crime and increasing safety for tourists and residents. This programme as well the planning that has been undertaken for the integrated beach programme is meant to ensure develop a formidable waterfront to attract tourism to the City. Work is also underway with the City to eradicate the car wash undertaken on the beach front.

The greener City programme using integrated waste management, greening and beautification programme was also funded by the National Treasury as a Public Employment Programme under the Presidential Stimulus Fund kicked off in June 2022. It was piloted at the coastal part of the metro and 8 sites were identified for implementation, these include amongst others, three sites in Mdantsane, a site in Duncan Village as well as Southernwood. At the end of the year, the project had concluded recruitment of the build of the workforce with 188 participants. A total of 178 of these participants were from the street cleaning, waste collection and separation components of the project. A total of 10 participants were from the textile component of the programme. Participants participated in an extensive induction programme which was conducted in partnership with the Department of Employment and Labor.

## **FINANCIAL SUSTAINABILITY**

BCMDA is still committed to ensuring it remains financially sustainable and able to wean itself off the reliance on the City through the generation of its own funding. In the year revenue recognised was at 77% and was primarily driven by a variance BCMM operational

grant due to output VAT accounted for on the operational grant by virtue of being a profit-making organisation. Due to the operational and project nature of the work undertaken some work started later and some revenue was received later making revenue unpredictable however within manageable ranges. From the revenue sources there is an overall variance of 42% for the period ended 30 June 2023 primarily due to a 13% variance on the BCMM operational grant due to output VAT accounted for on the operational grant by virtue of being a profit-making organisation, 28% variance on the BCMM recreational projects as the expenditure was incurred in the subsequent year and 99% variance on the Neighbourhood Development Grant which is as a result of the Agency having to reverse all the revenue during the audit of the 2022/23 financial year. The revenue that was incurred in the financial year then could not be recognised as a grant resulting in the reversal as the City advised that it ceased to be a grant. Lastly, the Public Employment Programme Grant has a variance of 35% as the programme was not fully implemented during the 2022/23 financial year.

From the expenditure there was an overall under expenditure of 29% emanating mainly from the Neighbourhood Development Grant and Public Employment Programme have variance of 81% and -142% respectively, reasons are the same as above, 45% on capital operating expenditure, which is because of delays experienced with delivery of goods procured from service providers for example computer equipment, 54% variance on general expenditure line item resulting from delayed expenditure on items carrying huge budget within general expenses.

The agency did experience under expenditure of 29% emanating mainly from late transfers of funds and delays in delivery of goods and services. Overall, the Agency remains a going concern and there is sufficient liquid resources to continue with operations.

## **FUTURE OUTLOOK AND GRATITUDE**

BCMDA's growth outlook remains positive as it begins to unlock and expand its property investment portfolios based on the mandate. In the coming year, the Agency will focus on reviewing its strategy with newly confirmed Board of Directors, focus on the property portfolio to ensure that it responds to the Shareholders requests and residents. It is envisaged that completion Court Crescent will be finalized. Careful attention will be paid to the projects in the pipeline as well requesting additional sites for development from the City.

Finally, I sincerely thank the Board and the executive team for their steadfast support and wise counsel. I am thankful to the City, the Municipal Council and Honorable, Mayor for

always giving us leadership, policy direction and guidance. This support is not taken for granted and places the Agency in an upward growth path. I extend my appreciation to the entire BCMDA staff for their support, resilience, and hard work.

To be signed after comments

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**Mr. Siyabulela Peter**

**Interim Chief Executive Officer**

## GOVERNANCE

### 1. About the report

The preparation of the Integrated Buffalo City Metropolitan Development Agency (BCMDA) annual report is guided by circular 63 (of 2012) of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury and the Company's Act of 2013. The BCMDA being an entity wholly funded and owned by the Municipality reports according to these standards in line with clause section 121 subsection (1) which states that:

“Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter”.

The MFMA prescribes the content municipalities should cover in their annual reports in chapter 12 “Financial Reporting and Auditing” section 121 to section 134 and circular 63 of 2012 relating to municipalities and municipal entities. In this regard the 2021/22 integrated annual report provides the required data and tables, in line with the above the purpose of this report is to:

- a. Provide a record of activities of the Agency during the financial 2021/22
- b. Provide an account on the performance against the budget of the Agency's for the 2021/22 financial year.
- c. Provide the state of affairs of the Agency with reference to its business activities and its financial position as at the end of the financial year.
- d. To promote accountability to the local community for the decisions made throughout the year by the Agency.

To comply with local and international sustainable reporting best practice guidelines, the 2021/22 integrated annual report also considers the financial, social and economic factors in reporting on the BCMDA's operations. The guidelines applied include:

- a. Reporting requirements as per the Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA)
- b. The South African Statements of Generally Recognised Accounting Practice (GRAP)
- c. Section 46(1) of the Municipal Systems Act (2000).
- d. King Code of Governance for South Africa
- e. National Treasury Guidelines and Regulations
- f. Company's Act of 2013

## Materiality

The BCMDA applies the principle of materiality to determine the nature, timing and extent of the disclosures in its annual reports. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. The following internal and external criteria were used to identify material issues:

*Table 1: Internal and External Materiality*

Internal Criteria	External Criteria
<b>The BCMDA's mission, vision and values.</b>	Priorities and support of national and provincial government.
<b>The goals and objectives of the MGDS 2030</b>	The priorities and support of local government
<b>The expectations of the shareholder.</b>	The socioeconomic development agenda.
<b>BCMDA's governance framework and policy environment.</b>	Factors that may affect the BCMDA's reputation and influence its ability to promote the economic development of Buffalo City.
<b>The expectations and feedback of stakeholders such as residents, ratepayers, the business community, civil society, national and provincial government, neighbouring municipalities, and designated targeted groups.</b>	The provisions of various frameworks, including the MFMA, section 46(1) of the Municipal Systems Act, King IV, the International Financial Reporting Standards, the Millennium Development Goals, and the broad-based black economic empowerment (BBBEE) code.

Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- a. **Strategy:** To feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as business opportunities, rather than ignored until they become business risks.

- b. **Performance:** To promote internal understanding of the link between environmental, social, and governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- c. **Stakeholder engagement:** To provide a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.
- d. **Reporting:** To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.



## **COMPONENT A: GOVERNANCE STRUCTURES**

### **2.1 Corporate governance structures**

Good Corporate governance is essentially about effective and ethical leadership by the BCMDA Board. It requires leadership that can integrate decision-making, business strategy and sustainability. It also calls for an inclusive and collaborative approach with stakeholders, to ensure effective engagement and in order to ensure all stakeholders interests are considered in decision-making.

The Board ensures compliance with the King Code IV of Corporate Governance practices and strives towards the achievement of Ethical culture, good performance, effective control and legitimacy.

The Board consists of most Non-Executive Directors and one Executive Director which is the CEO. The Board works collectively in executing its fiduciary duties effectively and has maintained good and strong relations with the Chief Executive Officer.

The BCMDA recognises that conducting its affairs with integrity will ensure that the public and its parent municipality, BCMM will have confidence in its work. To that end the BCMDA's Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King Code.

It's important to note that the Company Secretary was put on precautionary suspension on the 4th of December 2022 pending the investigation for alleged gross misconduct and was subsequently found to be gross dishonesty.

The Board also actively reviews and enhances the:

- a. Systems of internal control and governance procedures in place to ensure that the Agency is managed ethically and within prudently determined risk parameters.
- b. Performs according to a service delivery agreement and performance objectives set by the Buffalo City Metropolitan Municipality.
- c. Management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The BCMDA coordinates its area-based development activities and other catalytic interventions with BCMM and engages with functional departments in the design and

construction of infrastructure assets. The Board and management team are committed to the principles of openness, integrity and accountability advocated by the King Code principles.

- d. The work of internal audit so that regular feedback to the Audit and Risk Committee, which is responsible for monitoring compliance.
- e. The process of shareholder and other stakeholder assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.
- f. The Board is responsible for ensuring that the entity complies with applicable laws and considers adherence to non-binding rules, codes and standards. The company secretary certifies that all statutory returns have been submitted to the Registrar of Companies in terms of section 268(d) of the Companies Act. The internal audit team provides assurance on the BCMDA's compliance with laws and regulations.

## **2.2 Board of Directors**

The BCMDA has a single shareholder which is the Buffalo City Metropolitan Municipality (BCMM). For the current financial year, the Board consisted of eight (8) members whose term was effective from 01 September 2019 until 31<sup>st</sup> of August 2022. An interim board was appointed on the 1<sup>st</sup> of September 2022.

The Interim Board is constituted as follows:

- Eight non-executive Directors, and one member resigned on the 25<sup>th</sup> of November 2022.
- A Councillor from BCMM who serve as a non-voting observer.
- The Chief Executive Officer as an ex officio member
- The Chief Financial Officer who is a permanent invitee.

The contribution of the Board is derived from the wide range of skills they collectively possess inter alia, business administration, finance, accounting, human resources, public sector management etc. The Board is the Core of the Agency's corporate governance architecture and is responsible for:

- Providing a clear strategic Direction to the Agency.
- Ensuring that appropriate management structures are in place to ensure day to day.
- Promoting a culture of ethical behaviour.
- Entrenching sound corporate governance through an integrated governance structure;  
and

- Compliance with all relevant laws, regulation and codes of practice.

The Board of Directors of the Agency meets at regular intervals, retains full and effective control over the entity and monitors the implementation of the entity's strategic programmes by the executive management through a structured approach to reporting and accountability. It also sets the strategic direction and monitors overall performance. All Board Committees are chaired by independent non-executive directors.

**Table 2: Board of Directors**

Board Member	Capacity	Gender	Qualifications/skills/ expertise	Committee Membership
<b>Ms. Nolitha Pietersen</b>	Chairperson of the Board	Female	<ul style="list-style-type: none"> <li>- Master of Business Administration (MBA), NMMU Business School CA (SA), SAICA</li> <li>- BCom Accounting Honours &amp; CTA, University of Johannesburg</li> <li>- BCom Accounting, University of Fort Hare</li> <li>- Matric, Word Faith Christian School</li> </ul>	GSEC Member
<b>Ms. Nobantu Sakube Ndevu</b>	Member	Female	<ul style="list-style-type: none"> <li>- Diploma in Education</li> <li>- School Management, Rhodes University</li> <li>- Computer Literacy</li> </ul>	PDIC Member & OC Member
<b>Mr. Noel Van Wyk</b>	Member	Male	<ul style="list-style-type: none"> <li>- Higher Diploma in Education, BA Hons. Master of Arts, University of the Western Cape</li> <li>- Postgraduate Diploma Business Management, University of Kwa-Zulu Natal</li> <li>- MBA, University of Sunderland (UK)</li> <li>- Computer Training</li> </ul>	OC Chairperson, PDIC & GSEC Member
<b>Mr. Vuyo Mandilakhe Dilima</b>	Member	Male	<ul style="list-style-type: none"> <li>- Master of Business Leadership, UNISA</li> <li>- Diploma Science Education</li> <li>- Advanced Diploma, B Eng. (equivalent) Environmental Engineering</li> <li>- B Tech Civil Engineering</li> <li>- Project Management</li> <li>- Labour Intensive Construction Level 5</li> </ul>	GSEC Chairperson & PDIC Member
<b>Mr. Mxolisi Sibam</b>	Member	Male	<ul style="list-style-type: none"> <li>- Corporate Governance Certificate, University of Johannesburg</li> <li>- Project Management Certificate, Rhodes University Business School</li> <li>- Registered Associate General Accountant AGA(SA), SAICA</li> <li>- Post Graduate Diploma in Accounting (PGDA), Rhodes University</li> <li>- BCom (Accounting &amp; Commercial Law), Rhodes University</li> <li>- Matric, Hector Peterson High School</li> </ul>	Acting BCMDA CEO
<b>Mr. Sindile Toni</b>	Member	Male	<ul style="list-style-type: none"> <li>- National Diploma in Security Risk Management (Current Studies), UNISA</li> <li>- National Diploma: Policing</li> <li>- National Certificate in Policing: SASSETA 2008</li> </ul>	OC & PDIC

Board Member	Capacity	Gender	Qualifications/skills/ expertise	Committee Membership
			<ul style="list-style-type: none"> <li>- Certificate in Basic Policing: SASSETA 2005</li> <li>- Basic Computer Literacy Certificate for Public Service Delivery for Ward Committee &amp; Councillors: Project Administration Services</li> <li>- Local Labour Forum Training</li> <li>- Psira (Grade E-A)</li> <li>- FSCA Certificate (Finance)</li> <li>- Matric, Jongilanga Senior Secondary School</li> </ul>	
<b>Ms. Andisiwe Kumbaca</b>	Member	Female	<ul style="list-style-type: none"> <li>- Bachelor of Administration (Hons), University of South Africa (UNISA)</li> <li>- Bachelor of Arts (Hons), UNISA</li> <li>- Bachelor of Social Sciences, University of Cape Town (UCT)</li> <li>- NSC, Pretoria High School for Girls</li> </ul>	OC & PDIC Member

## 2.2.1 Board Meeting Schedule and Attendance

**Table 3: Outgoing Board meetings**

Date	Mr Tembinkosi Bonakele	Ms Mankomo Pango	Mr Cuma Sangqu	Mr Barry Canning	Mrs Thandiwe Godongwana	Ms Sibongile Booie	Ms Thobeka Buswana	Mr Luncedo Njezula
29 July 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
22 August 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
29 August 2022	Yes	Yes	Yes	Apology	Yes	Yes	Yes	Apology

**Table 4: Interim Board meetings**

Date	Ms Nolitha Pietersen	Ms Nobantu Ndevu	Mr Noel Van Wyk	Mr Vuyo Mandlakhe Dilima	Mr Mxolisi Sibam	Mr Sindile Toni	Ms Andisiwe Kumbaca	Mrs Thandiwe Godongwana
29 September 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
14 October 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
21 October 2022	Yes	Yes	Yes	Yes	Apology	Yes	Yes	Yes
01 November 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
01 November 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15 November 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
23 November 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
30 November 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
14 December 2022	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
12 January 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
18 January 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A

Date	Ms Nolitha Pietersen	Ms Nobantu Ndevu	Mr Noel Van Wyk	Mr Vuyo Mandilakhe Dilima	Mr Mxolisi Sibam	Mr Sindile Toni	Ms Andisiwe Kumbaca	Mrs Thandiwe Godongwana
25 January 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
26 January 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
02 March 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
26 April 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
31 May 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
21 June 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
30 June 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A

- Mrs Godongwana resigned on the 25<sup>th</sup> of November 2022.

### 2.3 Board Sub-Committee meetings

There are three Board committees, which are Governance Committee, Organisational Committee and the Project Development and Investment Committee. The Agency shares the Audit Committee with BCMM its parent municipality. The Board added the risk management function to the Audit and Risk Committee. The Committees held its meeting as follows within the 2022-23 financial year:

#### 2.3.1 Governance Committee Meeting Schedule & Attendance

**Table 5: Board meetings and schedule and attendance**

Date of Meeting	Mr Tembinkosi Bonakele	Mr Chuma Sangqu	Ms Mankomo Pango	Ms Thobeka Buswana
22 August 2022	Yes	Yes	Yes	Yes

**Table 6: Interim Board**

Date of Meeting	Mr Mandilakhe Dilima	Ms Nolitha Pietersen	Mr Noel Van Wyk	Mr Sindile Toni	Mr Mxolisi Sibam
12 December 2022	Yes	Yes	N/A	Yes	Yes
21 February 2023	Yes	Yes	Yes	Yes	N/A
26 April 2022	Yes	Yes	Yes	Yes	N/A

- Mr Van Wyk was appointed as interim CEO on the 1<sup>st</sup> of November 2022
- Mr Sibam was appointed as interim CEO on the 26<sup>th</sup> of January 2023

### 2.3.2 Organisational Committee Meeting Schedule & Attendance

**Table 7: Organisational committee meetings**

Date of Meeting	Ms Thobeka Buswana	Mrs Thandiwe Godongwana	Ms Mankomo Ulyth Pango	Mr Luncedo Njezula	Ms Sibongile Boo
08 August 2022	Yes	Yes	Yes	Yes	Yes
29 August 2022	Yes	Yes	Yes	Yes	Yes

**Table 8: Interim Board**

Date of Meeting	Mr Mxolisi Sibam	Mr Noel Van Wyk	Ms Nobantu Sakube-Ndevu	Ms Andisiwe Kumbaca
09 December 2022	Yes	N/A	Apology	Yes
23 February 2023	N/A	Yes	Yes	Yes
25 April 2023	N/A	Yes	Yes	Yes

- Mr Van Wyk was appointed as interim CEO on the 1<sup>st</sup> of November 2022
- Mr Sibam was appointed as interim CEO on the 26<sup>th</sup> of January 2023

### 2.3.3 Project Development & Investment Committee Meeting Schedule & Attendance

**Table 9: Project Development Committee meetings**

Date of Meeting	Mr. Chuma Sangqu	Mr Barry Canning	Mrs Thandiwe Godongwana	Ms Sibongile Boo	Mr Luncedo Njezula
27 July 2022	Yes	Yes	Yes	Yes	Yes

**Table 10: Interim Board**

Date of Meeting	Mr. Vuyo Mandilakhe Dilima	Ms Nolitha Pietersen	Mr Noel Van Wyk	Mr Sindile Toni
09 December 2022	Yes	Yes	N/A	Yes
15 February 2023	Yes	Yes	Yes	Yes
25 April 2023	Yes	Yes	Yes	Yes
24 May 2023	Yes	Yes	Yes	Yes

- Mr Van Wyk was appointed interim CEO on 1<sup>st</sup> November 2022 and term ended in January 2023.

### 2.3.4 Audit and Risk Committee meeting schedule and attendance

**Table 11: Risk Committee meetings**

Date of meeting	Mr Singa Ngqwala	Mr Suren Maharaj	Thobeka Maqwati-Naku	Ms Yondela Roboji
28 July 2022	Yes	Yes	Yes	N/A
29 August 2022	Yes	Yes	Yes	N/A
14 October 2022	Yes	Yes	Yes	N/A
09 December 2022	Yes	Yes	Yes	N/A
14 December 2022	Yes	Yes	Yes	N/A
13 February 2023	Yes	Yes	Yes	N/A
02 May 2023	Yes	Yes	Yes	N/A
29 May 2022	Apology	Yes	Yes	N/A

- Ms Roboji resigned from the ARC 3-year term and was not replaced.

### 2.3.5 Role of the Company Secretary

- Ensuring compliance to the provisions of Companies Law and rules made there-under and other statutes and policies of the Agency.
- Ensuring that Business of the Agency is conducted in accordance with its objects as contained in Memorandum of Incorporation (MOI).
- Ensuring that the affairs of the Agency are managed in accordance with the provisions of the law.
- Develop framework to ensure that the organisation complies with relevant statutes.
- Preparing, approving, and signing agreements, leases, legal forms, on behalf of the Agency when authorised.
- Engaging legal advisors and defending the rights of the Agency in Courts of Law; and
- Advising the Chief Executive and other executives in respect of legal matters.
- The Company Secretary ensures that s/he keeps up to date with the changes in pertinent legislation and corporate governance matters in order for him/her to properly advise the Board.

## **COMPONENT B AND C: INTERGOVERNMENTAL RELATIONS AND STAKEHOLDER MANAGEMENT**

### **3. Stakeholder engagement**

BCMDA, being an entity of the state conducts its stakeholder programme guided by the spirit of the Constitution of South Africa that directs all government entities to strive to improve the quality of all citizens. Further to this the agency agenda is informed by the principles of Batho Pele that highlight the following core values:

- a. **Consolation:** All stakeholders should be consulted on the nature, quantity and quality of services to be provided in determine the need and expectations of end users.
- b. **Service Standards:** Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.
- c. **Ensuring Courtesy:** Citizens should be treated with courtesy and consideration.
- d. **Access:** All citizens should have equal access to the services to which they are entitled.
- e. **Information:** Citizens should be given full, accurate information about the public services they are entitled to receive.
- f. **Openness & Transparency:** Citizens should be told how state organs are run, how much they cost and who is in charge.
- g. **Redress:** Establish a mechanism for recording any public dissatisfaction.
- h. **Value for Money:** Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

#### **3.1 The value of engaging**

These values are essential to the agency's sustainability, understood as development that meets the needs of the present without compromising the ability of the future generations to meet their needs as outlined in the King Code IV on ethics and governance. Inline to this the BCMDA places value on

- a. **Integrated thinking:** considering the connectivity and interdependence between the range of factors that affect an Agency's ability to create value over time.



- b. Organisation as an integral part of society: Organisations operate in a societal context which they affect and by which they are affected.
- c. Stakeholder inclusivity: There is an interdependent relationship between the organisation and its stakeholders, and the Agency's ability to create value for others. An organization becomes attuned to the opportunities and challenges posed by the triple context in which it operates by having regard to the needs of, interests and expectations of material stakeholders.
- d. Corporate citizenship: As the organisation is an integral part of society, it has corporate citizenship status. This status confers rights, obligations and responsibilities on the organisation towards society and the natural environment on which society demands.

More benefits derived from stakeholder engagements are to:

- a. Promote the Agency's business development ambitions.
- b. Support the Agency in moving closer to meeting the objectives of its Financial Sustainability Strategy; and
- c. Allow the Agency to get feedback from citizens and therefore ensure shareholder value generation.

### **3.2 Intergovernmental Relations**

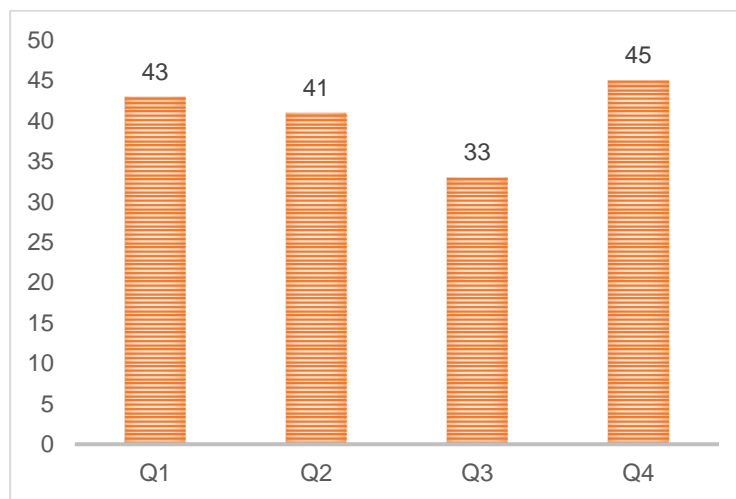
Apart from the Constitution of South Africa, the Batho Pele Principles the BCMDA's stakeholder programme is significantly influenced by intergovernmental relations (IGR) which are governed by the Intergovernmental Relations Act. Inter-governmental relations' means the relationships between the three spheres of government. The South African Constitution states, 'the three spheres of government are distinctive, interdependent and interrelated'.

This relationship enhances the emergence of cooperation rather than competitive federation. Moreover, inter-governmental relations help to accelerate effective and efficient utilization of human and material resources among the three levels of government.

IGR are intended to promote and facilitate co-operative decision-making and ensure that policies and activities across all spheres encourage service delivery and meet the needs of the citizens in an effective way.

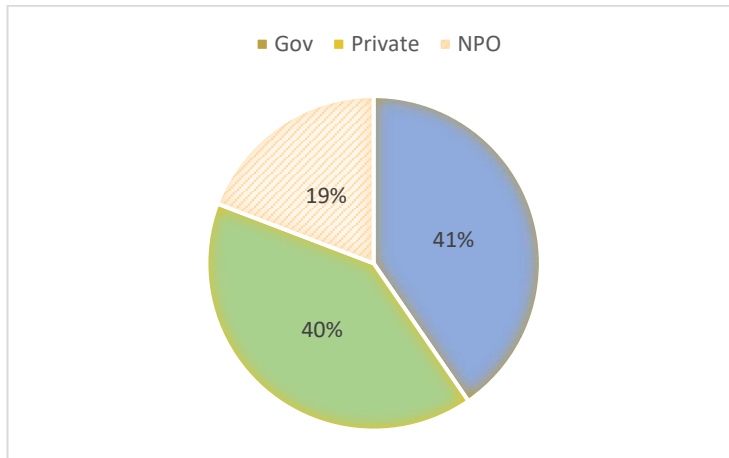
### 3.3 Observations and trends

The BCMDA continues to attract attention from a number of stakeholders, this is with an average of no less than 40.5 engagements per quarter. To this end during the year under review the agency recorded no less than 162 stakeholder engagements.



*Figure 3: Stakeholder engagements per quarter over 22/23*

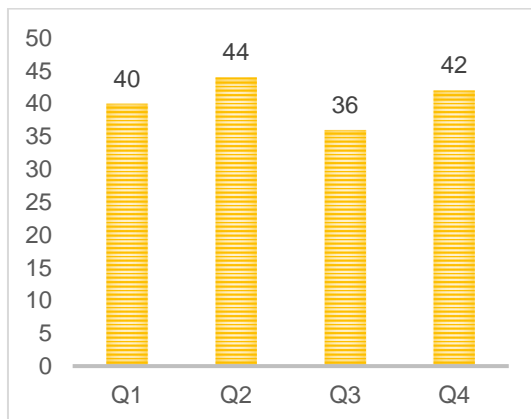
Stakeholder interest and engagements were largely dominated by government interactions and the private sector which constituted 41% and 40% respectively. This means that there is an even level of engagement with the private and public sector and is well fitting for an organisation such as the BCMDA that seeks to work closely to both the private sector and the public sector.



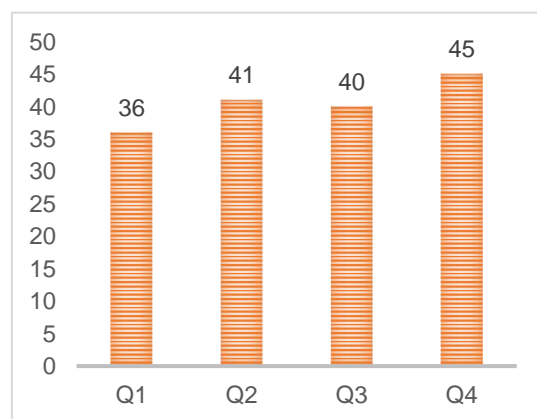
**Figure 4: Stakeholder engagements per sector**

Some of the government entities included in this rubric include organizations such as Transnet, the Eastern Cape Parks and Tourism Agency, Buffalo City Intergovernmental Relations Forum. The private sector composes of organizations such as Uber, Garden Court, Mercedes Benz.

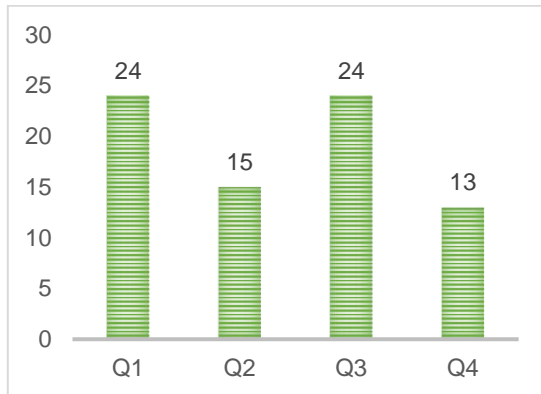
Nonprofit organisations (NPOs) received 19% of the interactions. This is an improvement from the previous years where NPOs were able to garner less than a double-digit level of engagements. This category includes community engagements, the University of Fort Hare, Buntu Boxing Association, Qonce Sports Veterans.



**Figure 5: Government interactions over the year**

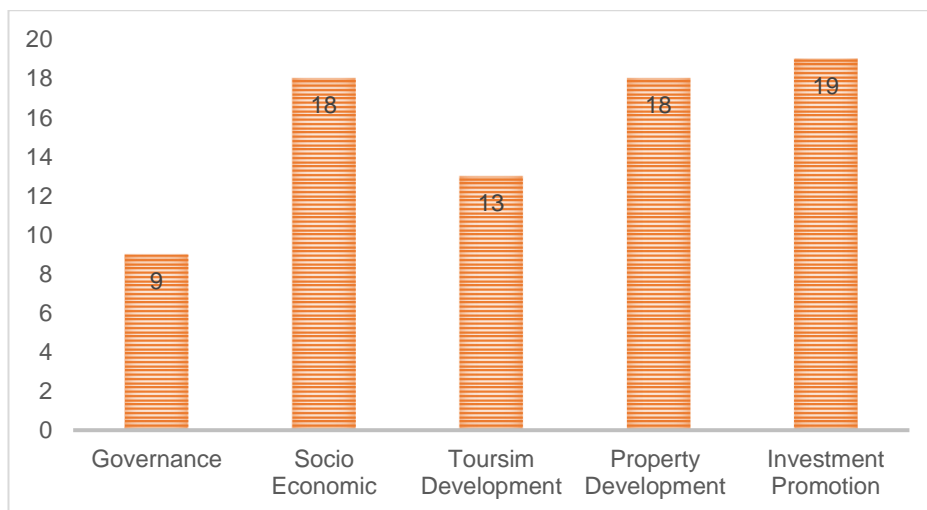


**Figure 6: Private sector interactions over the year**



**Figure 7: NPO interactions over the year**

On the main, engagements with government and the private sector have been consistent throughout the year, engagements with NPOs however reflected fluctuations with quarter 2 seeing a drop from quarter 1 interactions, this picked up in quarter 3 only to fall in the last quarter.



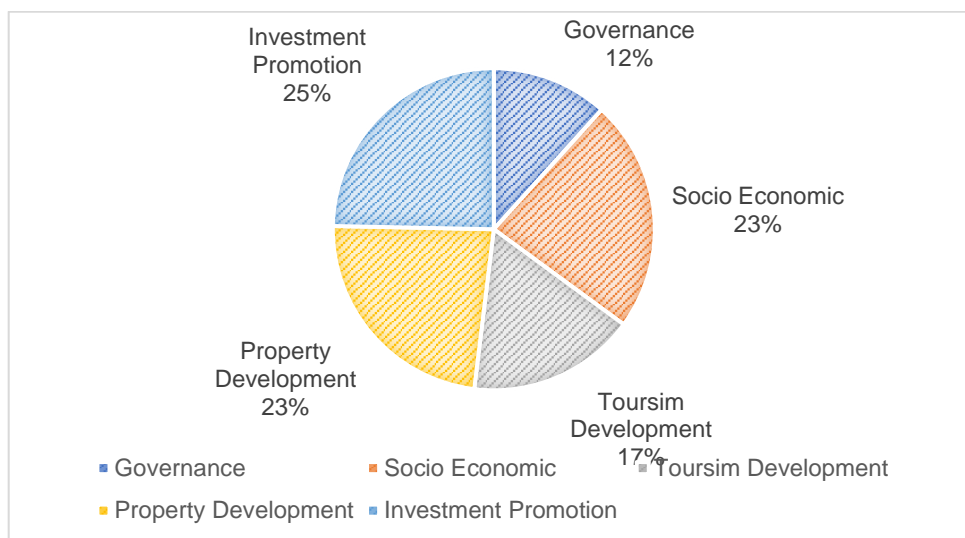
**Figure 8: Q3 and Q4 # stakeholder engagements by sector**

The agency received most of its engagements in the investment promotion area of work which accounted for 25% of recorded investments over the sample period<sup>1</sup> This area of work includes stakeholder work directed at addressing investor needs and progress

<sup>1</sup> Sample period was the second half of the year, consisting of Q3 and Q4.

updates on projects. In advancing the investment promotion and property development agenda, the Agency significantly interacted with the potential investors for Victoria Grounds, Seaview Terrace, and Water World. BCMDA further worked with the private investors and developers to highlight key opportunities for increasing private sector investment in areas where there is state investment.

This area of interest was closely followed by the property development area of work of the agency which shared the same position as work on socio economic development.



**Figure 9: Q3 and Q4 % of stakeholder engagements by sector**

Keen interest was shown from the public sector as well as the private sector in partnerships in our socio-economic projects. Some of our strategic partners in this space include the Border Kie Chamber of Business. Interest was also shown by Mercedes Benz to partner with the agency in the future. There was fair interest from stakeholders to engage in the area of tourism development, the South African Boxing federation as well as the Department of Sports Recreation Arts and Culture have shown interest in the BCMDA route development project and its storyline development process. The table below captures some of the notable engagements.

**Table 12: List of stakeholder engagements**

<b>Engagement</b>	<b>Primary Interest</b>	<b>Date</b>
<b>Eastern Cape Park &amp; Tourism Agency</b>	Property development & investment	19 August 2022
<b>BCMM Intergovernmental Forum</b>	Alignment and progress on BCMDA projects	19 August 2022
<b>BCMM City Planning Department</b>	Commercialization of the East London Racetrack	22 August 2022
<b>University of Fort Hare</b>	Networking and partnership projects	30 September 2022
<b>National Treasury</b>	Progress reporting on Duncan Village Programme	3 October 2022
<b>Quigney Investors</b>	Consultation and progress on BCMDA capital projects.	13 October 2022
<b>Office of the Premier</b>	District Development Model	17 October 2022
<b>Institute of Waste Management of South Africa</b>	Profiling BCMM and pastorships	18 October 2022
<b>Twin City Development</b>	Investment in Victoria Grounds Development	23 October 2022
<b>Border Kie Chamber of Business</b>	Progress on tourism development projects	21 October 2022
<b>Chris Hani Development Agency</b>	Benchmarking best practices on Buy-Back Centers	8 November 2022
<b>Annual General Meeting</b>	Presentation of BCMDA Annual Report	15 November 2022
<b>Office of the Premier</b>	Eastern Cape Investment Conference	19 November 2022
<b>Qonce Sports Veterans &amp; Sports Formations.</b>	Victoria Sports Grounds Development	26 November 2022
<b>Executive Mayor and MPAC</b>	Project oversight (Court Crescent)	30 November 2022

Engagement	Primary Interest	Date
<b>BCMM City Manager</b>	Safety Measures During the Festive Season	22 December 2022
<b>Algoa FM</b>	Water World Developments	27 December 2022
<b>Eastern Cape Development Cooperation</b>	BRICS Bank Funding Opportunities	4 April 2023
<b>Mercedes Banz South Africa</b>	Partnerships in Socio Economic Projects	5 April 2023
<b>Transnet</b>	East London Port Development	3 May 2023
<b>BCMM Council Open Day</b>	Public Service Engagement	12 May 2023
<b>Chippa United Football Club</b>	Partnership prospects for stadium development	31 May 2023
<b>Mkumkani FM</b>	Duncan Village Buy Back center opening	7 June 2023
<b>Department of Trade and Industry and Competition</b>	Funding Instruments for Development	12 June 2023
<b>BCMM Investment Conference</b>	Investment discussions on China	29 June 2023

## COMPONENT D: CORPORATE GOVERNANCE

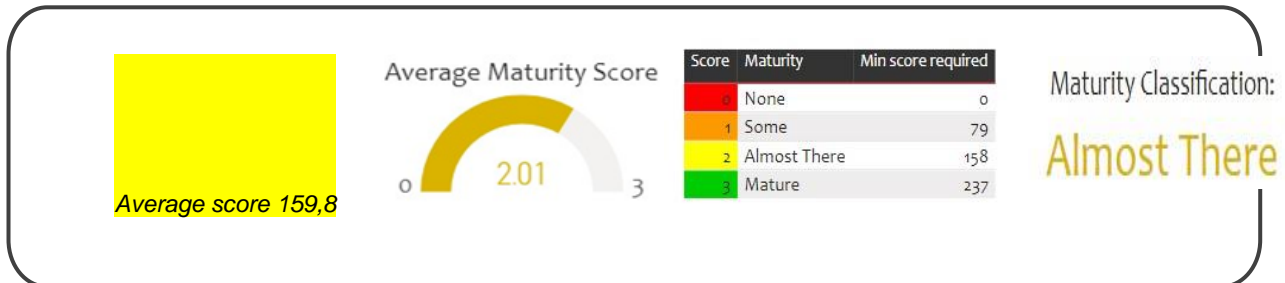
### 4. Risk Management

Buffalo City Metropolitan Development Agency subscribes to the principles of good governance and further is committed to carry out its activities in an effective and efficient manner through ensuring that risks are minimised, and opportunities are explored. Risk management forms part of management's core responsibilities and is an integral part of the internal processes of the Agency.

#### 4.1 Risk Management Policy and strategy

The need for Risk Management is mandated by the Municipal Finance Management Act (MFMA), local government risk management framework, King report on corporate governance, ISO:31000 as well as COSO framework. The Risk management framework recommends that the Institution must operate within the terms of a risk management policy and strategy approved by the Accounting Officer / Authority. During the year BCMDA was operating within an approved risk management policy and strategy.

## Risk Maturity Assessment and Implementation plan



**Figure 10: Risk maturity and implementation plan**

An assessment of the risk maturity level of BCMDA had been taken through an online tool (RUBIQ) With the support of the Eastern Cape Provincial Treasury. The Agency took an approach of firstly conducting an individual risk maturity level and then consolidate the scores to come up with the organisational risk maturity level, The average score for the entire organisation remains at 159,8 this means we are not yet at the desired level.

To improve the risk maturity level, the Agency had developed risk management implementation plan, conducted risk management workshops, and integrated risk into its operations, processes, and planning.

### 4.2 Risk Assessment and Risk Reporting

The BCMDA's Board monitors risk through the Audit and risk Committee, which ensures that there is an effective risk management process and system in place.

There is regular and ongoing identification, evaluation, management, monitoring, recording, and reporting of risks with a view of improving the Agency's ability to manage and reduce the incidences that may have impact on the achievement of operational and strategic objectives.

ISO 3100 outlines the fundamental principles of effective risk management. These principles provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. These principles are described below:



**Proportionate:**

Risk Management activities must be proportionate to the level of risk faced by the organisation.

**Aligned:**

Risk Management activities need to be aligned with other activities of the organisation.

**Comprehensive:** To be fully effective, the risk management approach must be comprehensive.

**Embedded:**

Risk management activities need to be embedded within the organization.

**Dynamic:**

Risk Management activities must be dynamic and responsive to emerging and changing risks.

Following the emphasis outlined above, it has then therefore been important that BCMDA identifies the top major risks which will be the focus for the financial year. This does not in any way suggest that risks will not be identified, but rather suggests a more focused approach that will seek to take the Agency forward and close to realizing its goals. Risks will be assessed not only at the strategic level, but also at operational level and all risks will be effectively monitored considering their level of severity.

#### **4.3 Strategic Risks of the Agency**

Strategic risk identification is to identify risks emanating from the strategic choices made by the Agency, specifically about whether such choices weaken or strengthen the Agency's ability to execute its mandate will be carried out. The Strategic risks identified will be documented, assessed, and managed through the normal functioning of the system of risk management. The following risks remain as BCMDA strategic risks:

1. Inability to implement the Tourism Infrastructure Master Plan (TIM)
2. Failure to create an enabling environment to foster economic development and attract new investment to the city.
3. Withdrawal of investors on Mega Projects
4. Inability to promote investment
5. Delays in project implementation
6. Poor quality assurance of newly constructed property
7. Identification of land parcels for future development

8. Inability to capacitate local SMME's
9. Lack of financial sustainability
10. Inability to deliver on the mandate
11. Cyber security attacks
12. Inability to act in the event of Disputes & Litigation
13. Non-Compliance with the POPI Act

**Table 13: Strategic Risk register**

Outcome	Output	Risk Category	Risk Name/Description	Existing controls	Mitigation Measures/Action Plans	
1	Dynamic Tourist attraction	To collect and disseminate robust tourism, market, research, and intelligence.	Economic Environment	1.Inability to implement the Tourism Infrastructure Master Plan (TIM)	<ul style="list-style-type: none"> <li>- Implementation of Tourism growth strategy (BCMM)</li> <li>- TIM 1 finalised.</li> <li>- Approved implementation plan of TIM</li> <li>- Establish specific tourism coordinating structures.</li> <li>- Funding proposal have been developed (Tourism hub)</li> <li>- Funding secured from the National Treasury to support Route Development through public art development as well as beautification/ landscaping of TIM focus areas</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of TIM Phase 2 (Development of implementation)</li> <li>- Mobilize additional resource from external alternative funding sources Lotto, dept tourism,</li> <li>- Develop funding proposals for projects</li> </ul>
2	Attractive home for global investments and sustainable economic development	Increased investment in Tourism, Property, and Industrial sectors.	Economic Environment	2.Failure to create an enabling environment to foster economic development and attract new investment to the city	<ul style="list-style-type: none"> <li>- Continuously engage investors and hold annual Investment conferences.</li> <li>- Participation in investment promotion mission of BCMM.</li> <li>- facilitate access to Land for investment.</li> <li>- City International trade &amp; investment(T&amp;I) agreements are in place.</li> <li>- The Service provider is appointed to develop the investor support program.</li> </ul>	<ul style="list-style-type: none"> <li>- Development and implement an Investor Support Program (ISP)</li> <li>- Establishment of partnerships with BCMM / Province to participate in one - stop shop initiatives for investment promotion.</li> <li>- Develop Agency marketing program to promote tourism and investment opportunities.</li> <li>- City International trade &amp; investment(T&amp;I) agreements reviewed and assessed.</li> </ul>
				3. Withdrawal of investors on	<ul style="list-style-type: none"> <li>- Project profiles on BMDA catalytic projects had been developed.</li> <li>- A marketing and Communication Agency</li> </ul>	<ul style="list-style-type: none"> <li>- On going engagements with investors and looking for new investors in the market.</li> </ul>

Outcome	Output	Risk Category	Risk Name/Description	Existing controls	Mitigation Measures/Action Plans
			Mega Projects  4. Inability to promote investment	has been appointed to support investment packaging and promotion initiatives. - Total collapse of well-established investments - Loss of returns on investments & potential investment opportunities	- Facilitate the executive educational programs on investment to ensure a informed organisation on investment
3	A robust property market	To revitalize local [both urban and rural] spaces within the Metro.  To develop acquired land.	Project Management	5.Delays in project implementation  - Continuous engagements with the city. - Council resolution on Land parcels. - Submission of funding proposals for additional projects - Further engagements through the annual investment conference with potential partnerships and investors	- Continuous engagements with the city and potential funders. - Establish a fast-tracking mechanism for BCMDA approvals. - Land Availability Agreement to be signed by the City.
		To facilitate the development of strategic projects through partnerships.	Loss/ theft/ damage of assets and resources	6. Poor quality assurance of newly constructed property  Facilities management team in place to develop the maintenance plan.	- Draft Property Management Policy and Procedures manual is developed. - Organisational structure review will be conducted to ensure the Property management function is well capacitate. - Draft maintenance policy in place - Implementation of Property & maintenance policies and procedure manuals
			Property management	7. Identification of land parcels for future development  Continuous engagements with the city.	Raise with Mayor to address. BCMDA to propose or highlight potential sites.
4	Delivered Socio-Economic development programs	Enable inclusive tourism, property, and industrial economic sector through investments	Economic Environment	8. Inability to capacitate local SMME's  - Database developed for SMMEs to access funding. - 30% value of tenders sub-contracted to local SMMEs (sub-contracting - PPFA 2017) - 30% value of tenders sub-contracted to local SMMEs	- Assist SMMEs with access to funding, skills. - Development of the Strategy to give guidance towards development capacitation and access to market.
5	A well governed and	financial sustainability	Financial Management	9. Lack of financial sustainability  - Budget allocation from the parent municipality to ensure, construction	- Continuous implementation of the financial sustainability implementation plan

Outcome	Output	Risk Category	Risk Name/Description	Existing controls	Mitigation Measures/Action Plans
viable agency				<ul style="list-style-type: none"> <li>- projects continue as planned.</li> <li>- Approved Financial sustainability strategy in place.</li> <li>- FSS Plan being continuously implemented and monitored as follows:</li> <li>- PM Fees collected amount to R5.1 million year to date.</li> <li>- Interest on investments amounts to R613 834.19 year to date.</li> <li>- Operational grant from the City amounts to R42million year to date.</li> <li>- Developmental Levy from development of land parcels not yet realised due to slow progress on conclusion of development agreements.</li> </ul>	<ul style="list-style-type: none"> <li>- Continue with the collection of Project Management Fees to enhance own revenue as stipulated in the Board approved financial sustainability strategy.</li> <li>- Continue to reinvest available funds with panel of investment bankers.</li> </ul>
	Effective corporate services to support the organization mandate	Human resources management	10. Inability to deliver on the mandate	<ul style="list-style-type: none"> <li>- Introducing of Competitive remuneration</li> <li>- Human Resource policies and procedures in place</li> <li>- Health and Safety committee in place</li> <li>- Workplace committee in place</li> <li>- Wellness program in place.</li> <li>- Performance agreements for staff</li> <li>- The remuneration specialist service provider is appointed to review the salary grades of the Agency.</li> </ul>	<ul style="list-style-type: none"> <li>- Execution of the Organisational development program, including the recruitment of the identified roles</li> <li>- Board of Directors: City to continue appointing properly skilled and qualified members are brought onto the board. Ensure stakeholder consent in appointments.</li> <li>- Additional Mitigating factors when managing Executive continuity:</li> <li>- Effective management of recruitment process, ensure process to recruit has sufficient time, manage change and continuity in key roles. When recruiting, must consider continuity requirements.</li> <li>- Staggered contracts for executives</li> <li>- Depth of skills must be ensured at management level as well (middle and lower management) and must be included in the succession and talent management strategy.</li> </ul>
	Efficient and effective Information Technology and	Information Technology	11. Cyber security attacks	<ul style="list-style-type: none"> <li>- Information security policy and procedures</li> <li>- Malware and anti-virus Policy are in place</li> <li>- Implementation of network firewall</li> </ul>	<ul style="list-style-type: none"> <li>- Continuously restoration of testing of data integrity</li> <li>- Cyber security awareness training</li> <li>- Conduct a cyber security risk assessment (sharing of lesson learned, emerging risk and plans)</li> </ul>

Outcome	Output	Risk Category	Risk Name/Description	Existing controls	Mitigation Measures/Action Plans
	Knowledge Management Service			<ul style="list-style-type: none"> <li>- Patch management</li> <li>- Disaster Recovery Plan in place</li> <li>- Active directory (Access control)</li> <li>- Implemented Cloud-based Backup and Recovery Solution</li> <li>- Implementation of laptop backup solutions</li> <li>- implementation of encryptions solution (Data Security)</li> <li>- Enabled multi-factor authentication</li> </ul>	<ul style="list-style-type: none"> <li>- Appointment of additional human resources within ICT</li> </ul>
	Effective and sound corporate governance	Litigation	12. Inability to act in the event of Disputes & Litigation	<ul style="list-style-type: none"> <li>- Legal Services to draft, review and monitor contracts and lease agreements.</li> <li>- SCM Unit updates the contracts register and monitor the contracts of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>- To have legal advisory panel to bring together legal experts and advise the agency on technical issues.</li> <li>- Appoint the addition human resource to assist the COSMEC</li> </ul>
		Compliance & Regulatory	13. Non-Compliance with the POPI Act	<ul style="list-style-type: none"> <li>- The POPI Act Compliance assessment tools developed to assess the status of compliance.</li> <li>- Documents and records risk assessment was conduct; necessary action was made to improve the system of our records.</li> <li>- Application is submitted to appoint the Information officer and Deputy information officers.</li> </ul> <p>POPI Act trainings was Conducted during Q4</p>	<ul style="list-style-type: none"> <li>- Implementation of the POPI Act requirements as outlined on the tool developed.</li> <li>- Develop and implement the POPIA Compliance framework.</li> <li>- Conduct impact assessment update the PAIA Manual, Roll out awareness / training sessions)</li> <li>- Audit the status of POPIA Compliance</li> <li>- Develop and implement the Document and records movement policy,</li> <li>- Data Protection policy</li> </ul>

During the year the strategic risks of the agency were managed through mitigating the risks in the units. A more balanced approach will taken during the coming financial year to ensure mitigation measures are implemented systematically within the framework of risk and tolerance framework of the Agency.

#### **4.4 Corporate ethics and organisational integrity**

The BCMDA and its board subscribe to high ethical standards and principles. The leadership provided by the board is characterised by the values of responsibility, accountability, fairness and transparency, and has been a defining characteristic of the BCMDA since its establishment in 2016.

The agency's main objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions.

#### **4.5 Code of conduct**

The BCMDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the Municipal Systems Act and the provisions of the BCMM corporate governance protocol for municipal entities. The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. Through its code of conduct, the BCMDA is committed to:

- a. The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- b. Fair commercial and competitive business practices.
- c. Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- d. Taking environmental and social issues into consideration.
- e. Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

The code requires all staff to act with the utmost integrity and objectivity and in compliance with the law and company policies at all times. Failure to act in terms of the code results in disciplinary action. The code is discussed with each new employee as part of the induction process, and all employees are asked to sign an annual declaration confirming their compliance with the code. A copy of the code is available to interested parties on request. Any breach of the code is considered a serious offence and is dealt with; accordingly, this acts as a deterrent. The directors believe that ethical standards are being met and are fully supported by the ethics programme.

#### 4.6 Declaration of interest

In accordance with its code of conduct, the BCMDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's declared interests change. A register is circulated at every Board and Board committee meeting for the directors to declare any interest related to every matter discussed at a particular meeting.

The BCMDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the BCMDA, gifts and hospitality, and the status of their municipal accounts.

As per the MFMA section 124 the financial disclosures for senior managers and Section 56 of the MFAM officials are as follows:

**Table 14: Financial Disclosures for Senior Management**

As per the MFMA section 124 the financial disclosures for senior managers and Section 56 of the MFAM officials are as follows:

**Table 13: Financial Disclosures for Senior Management**

No	Surname	Full name	Designation	Declaration form
1	Ntsodo-Boyce	Vicky	Chief Financial Officer	Yes
2	Hangana	Thulisiwe	Executive Manager: Property Planning & Development Management	Yes
3	Tongo	Thembeke	Chief Investment Officer	Yes
4	Govender	Kasavan	Executive Manager: Strategy & Research	Yes

#### 4.7 Compliance with laws and regulations

BCMDA has a compliance register which regulates the state of compliance with the applicable laws and regulations. The register is updated to ensure that all the divisions adhere to the requirements. Further there are policies and procedures that employees abide by, which are made available to each employee. Further the Internal and External

Auditors provide assurance that the Agency is compliant and make the necessary recommendations where applicable.

#### **4.8 Anti-corruption and Fraud**

The system of internal control applied by the Agency over anti-corruption and fraud which is Fraud Prevention Policy and Plan is approved by the Board. There are currently no reported fraud and corruption matters to the Agency.

#### **4.9 Information and Communication Technology (ICT) Governance**

The Executive Management (EXCO) of BCMDA's emphasis in the year under review has been the focus on information governance in line with King IV. While in the previous versions of the King Governance code, there has been no distinct separation between Information and Technology, King IV places emphasis and distinguishes between Information technology and information governance as two separate aspects of ICT governance as opposed to King III, where they were viewed as one.

In the financial year under review management's focus has largely been on advancing the Agency by implementing ICT disaster recovery solutions, review of the Governance Framework, ICT Policies, and the Master systems Plan.

The implementation of a 'warm' disaster recovery solution ensures the agency's business continuity in the event of a disaster or disruption at the main office. The BCMDA's disaster recovery site provides a redundant infrastructure and environment where critical systems and data can be replicated and restored, allowing the organization to continue its operations with minimal downtime and data loss.

The ICT landscape is constantly evolving, with new technologies, threats, and opportunities emerging regularly. By reviewing Agency's, frameworks, and strategy the agency is able to assess the relevance and effectiveness of its existing approaches in light of technological advancements. Reviewing ICT policies and frameworks is also crucial to maintain compliance, address emerging technologies and threats, enhance security and risk management, align with organizational changes, incorporate industry standards, promote user adoption, and drive continuous improvement in ICT governance and operations. The ICT Unit has reviewed the ICT End User Policy (Previously named User Access Management), Telecommunications Policy, ICT Disaster & Business



Continuity Plan, Information Security Policy (Previously named ICT Security Controls Policy) and the Governance Framework.

The establishment of ICT Steering Committee plays a critical gatekeeper role that ensures that BCMDA has a sound and solid ICT Governance Framework that is fully implemented and importantly that ICT investments are protected and realize the maximum business value to the benefit of BCMDA.

The unit has also continually reviewed the ICT governance framework to ensure its improvement and alignment to best practice standards.

Another important principle of King IV is ICT risks management and its inclusion in Enterprise Risk Management. The Agency has a developed and approved ICT Operational Risk Register, on a quarterly basis the ICT unit has reported on the status of implementation of some of the key intervention in order to minimize the risk exposure of the Agency.

#### **4.9.1 ICT Control Environment**

The internal audit scheduled the ICT Audit for Quarter 4 of the 2022/23 Financial year, to be completed in July 2023.

#### **4.9.2 ICT Steering Committees**

The ICT Steering Committee was revived in Quarter 2 of the 2022/23 Financial year upon the appointment of the Project Manager: Systems Administration. The committee comprises of the Chairperson (Executive Strategy and Research), CFO, core Business Unit representatives: ICT Management, Property Planning, Development, Risk Unit, and Corporate Services.

There were sitting on the following dates:

- 16 February 2023
- 03 May 2023
- 03 July 2023

#### **4.9.3 Business Continuity/ Disaster Recovery**

With critical business processes being automated, that brings heavy reliance on availability of ICT resources 24/7. The Agency has a Cloud-Based Backup, Restore and Replication Solution in the year under review. The solution is backing up the entire Server Environment of the Agency into the cloud on daily basis to ensure that BCMDA has the most up to date information in case of disaster.

The Agency has also appointed the East London IDZ for hosting the BCMDA Disaster recovery (DR) server. The main site server is configured to send full backups to the DR server two times a day and transactions changes are replicated every 30 minutes between the two sites.

As part of disaster recovery planning the ICT unit conducts Disaster Restoration Testing and Failover test on quarterly basis. Business users conduct test by connecting to the DR server and confirm if they are able to login and view their most recent changes they performed on the production server.

## COMPONENT E: SERVICE DELIVERY AND PERFORMANCE

### 5. Strategy overview

The BCMDA is an agency of the Buffalo City Metropolitan Municipality, seeking to create a vibrant, integrated, and inclusive Metro. The core ideology of the BCMDA is captured in its Vision, Mission and Core Values, as detailed below.

#### **Vision**

An innovative agency that catalyses investment opportunities for a vibrant, integrated, and inclusive city.

#### **Mission**

To build a vibrant, integrated, and inclusive city through promoting investment in property, tourism, and socioeconomic development for the benefit of citizens.

#### **Values**

As BCMDA we will strive to **perform** our functions in a **professional** and **transparent** manner guided by the highest levels of **integrity** whilst delivering high **quality** products and services and **accountable** to our stakeholders. The BCMDA has therefore defined the following guiding values in its operations:

- Agility
- Innovation
- Integration and alignment
- Efficiency and effectiveness
- Accessible
- Professional and Accountable

### 5.1 Mandate

The BCMDA is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality, established as a profit company in 2016, in terms of the Companies Act, 1973 as amended. This allows the Agency to transact, generate funds and have a borrowing capacity to carry

its mandate to increase economic growth through tourism, economic and social development as well as property management and commercialisation.

The BCMDA is established as a juristic person operating as a municipal entity, which has been classified in terms of the Municipal Finance Management Act. As an entity of BCMM, the BCMDA thus extends the BCMM's capability with respect to the identification, planning and implementation of development projects for the benefit of the entire municipal area.

According to Chapter 8A S86B (1)(a) of the Municipal Systems Act 44 of 2003 (MSA), a provision is made of a private company as a municipal entity. The amended act provides: the municipality may establish a private company for purposes of performing 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.

In 2011, the Buffalo City Municipality attained a metropolitan status, which subsequently led to a revision of its organisational structure to align to the metro requirements. This resulted in the incorporation of BCMDA, with a new mandate. The primary mandate of the Buffalo City Metropolitan Development Agency is to:

- Attract investors into Buffalo City,
- Increase economic growth through tourism, economic and social development and
- Property management and commercialisation.

The mandate was approved by the council on 11 December 2015 and is summarised below:

- a. Property Development – regeneration of the city through the effective acquisition and management of land and buildings,
- b. Tourism Development – act as a tourism agency and promote tourism within Buffalo City,
- c. Investment Promotion – promotion and facilitation of investment in the City, and
- d. Socio-economic Development – the facilitation of programmes and projects geared towards socioeconomic development within the City.

## **5.2 Strategic Goals**

The Buffalo City Metropolitan Municipality strives to realise the following 5 strategic outcomes by the year 2030, which the BCMDA has a big role to play towards their achievement:

- a. **An inclusive and sustainable economic growth** – with rapid and inclusive growth, and falling unemployment,
- b. **A clean and environmentally sustainable city** – environmentally sustainable with optimal benefits from our natural assets. A clean and health city of subtropical gardens,
- c. **A globally connected city** – high quality (and competitively priced) connections to ICT, electricity, and transport networks (inside the city and to the outside world),
- d. **A spatially transformed city** – the spatial divisions and fragmentation of the apartheid past are progressively overcome, and township economies have become more productive, and
- e. **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.

The Metro Growth and Development Strategy (MGDS) is set as the City's foundation for the future, aimed at mobilising partners and stakeholders to work together towards shared programme goals, encouraging business and stakeholders to commit to a common vision. BCMDA has a critical role to play in ensuring the City realises its strategic aspirations by performing both a facilitation function as well as a delivery function.

The BCMDA impact statement for the 5-year strategic period is:

***Creating a uniquely homecoming African-global city that drives inclusive opportunities and prospects that improve the quality of life for its citizens***

Following from the impact statement, the organisation set five strategic outcomes, which will be measured over the five (5) year period, forming part of the 5-year strategy. The strategic outcomes for the organisation over the term are:

- a. dynamic tourist attraction,
- b. attractive home for global investments,
- c. a robust property market,
- d. delivered socio-economic development programmes, and
- e. a well-governed and viable agency.

### 5.3 The BCMDA value-chain

The BCMDA’s mandate articulates the role of property development and management in generating value for the city. The agency is mandated with attracting investments into the Metro to fuel growth in Tourism, Economic and Social Development. As part of the strategy review process, the BCMDA value-chain was revisited and revised, as per the 2021 – 2026 Strategic Plan. The current value chain of the agency is set up towards realizing that mandate, as per the figure below.



**Figure 11: BCMDA value chain**

## **5.4 Economic information of the City**

During the year under review the Agency operated with the following economic conditions in exercising the implementation of its mandate. The Agency has three areas that need to be considered for the reporting period namely investment promotion, tourism and gross domestic product. According to the situational analysis of the City the following is evident:

### **5.4.1 INVESTMENT RETENTION AND PROMOTION**

- a. Rates and tariffs are seen as key cost drivers for investment and have been increasing at around double the rate of inflation. This increased own revenue has funded new capex (mostly road and township infrastructure), but the opportunity cost of this has been increased administered costs for existing business and property owners. Buffalo City is not the most expensive city in South Africa to live and do business, but it is certainly not among the cheapest, and is currently ranked number 5 on administered costs (rates and tariffs).
- b. The fact that it has other cost disadvantages (costs of logistics, distance from markets etc), makes this more impactful than it would be in a city like Johannesburg or Ethekewini. These escalating administered costs, together with the fact that the city has underperformed on the basics (waste management and the maintenance of assets, facilities and beaches), has detracted from the MGDS intent of building a relatively inexpensive coastal lifestyle city of natural beauty that attracts and retain a creative class of innovators and entrepreneurs. This needs to be addressed through a deliberate effort to reduce administered costs.
- c. BCMM should target becoming one of the top three cheapest metros in terms of administered costs by 2025 and should target being the cheapest SA city to business in by 2030. This should be accompanied by an improved quality of service offerings, increasing the Value for Money (VfM) of rates and tariffs.
- d. The other area for improvement is reducing red-tape. BCMM has regressed on the Sub-National Costs of Doing Business between 2015 and 2018.
- e. In the table below, the Buffalo City Metropolitan Municipality is compared to Eastern Cape and South Africa, in terms of actual imports and exports, the Trade Balance, as well the contribution to GDP and the region's contribution to total national exports and imports.

	Buffalo City	Eastern Cape	National Total
Exports (R 1000)	34,569,855	92,643,509	1,394,345,999
Imports (R 1000)	24,744,230	73,918,938	1,109,458,999
Total Trade (R 1000)	59,314,084	166,562,447	2,503,804,998
Trade Balance (R 1000)	9,825,625	18,724,570	284,887,001
Exports as % of GDP	41.3%	21.9%	25.3%
Total trade as % of GDP	70.8%	39.3%	45.3%
Regional share - Exports	2.5%	6.6%	100.0%
Regional share - Imports	2.2%	6.7%	100.0%
<b>Regional share - Total Trade</b>	<b>2.4%</b>	<b>6.7%</b>	<b>100.0%</b>

Table 15: Merchandise exports and imports - Buffalo City, Eastern Cape and National Total, 2020 [R 1000, current prices]<sup>2</sup>

- f. The merchandise export from Buffalo City Metropolitan Municipality amounts to R 34.6 billion and as a percentage of total national exports constitutes about 2.48%. The exports from Buffalo City Metropolitan Municipality constitute 41.26% of total Buffalo City Metropolitan Municipality's GDP. Merchandise imports of R 24.7 billion constitute about 2.23% of the national imports. Total trade within Buffalo City is about 2.37% of total national trade. Buffalo City Metropolitan Municipality had a positive trade balance in 2020 to the value of R 9.83 billion.

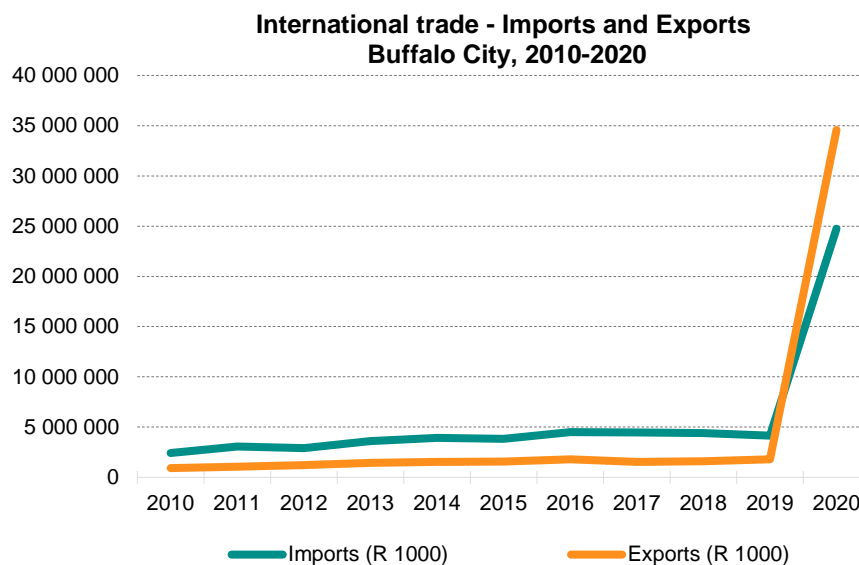


FIGURE 12: IMPORT AND EXPORTS IN BUFFALO CITY METROPOLITAN MUNICIPALITY, 2010-2020 [R 1000]<sup>3</sup>

<sup>2</sup> Source: IHS Markit Regional eXplorer version 2201

<sup>3</sup> Source: IHS Markit Regional eXplorer version 2201



- g. Analysing the trade movements over time, total trade increased from 2010 to 2020 at an average annual growth rate of 33.35%. Merchandise exports increased at an average annual rate of 43.76%, with the highest level of exports of R 34.6 billion experienced in 2020. Merchandise imports increased at an average annual growth rate of 26.18% between 2010 and 2020, with the lowest level of imports experienced in 2010.

## 5.4.2 GROSS DOMESTIC PRODUCT

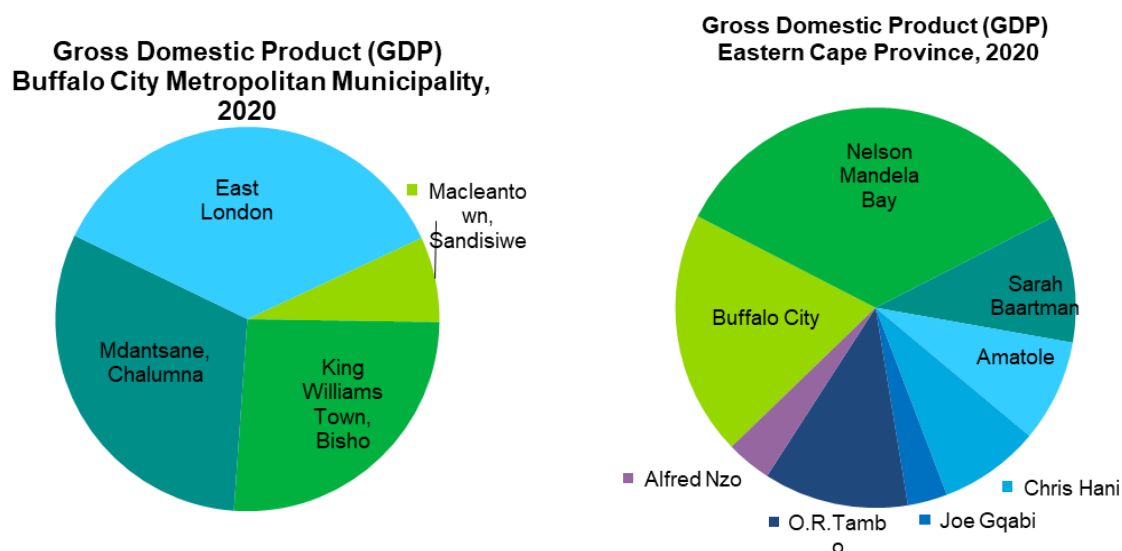


Figure 13: GDP of BCMM relative to other Municipalities in EC <sup>4</sup>

- It is expected that Buffalo City Metropolitan Municipality will grow at an average annual rate of 2.13% from 2020 to 2025. The average annual growth rate of Eastern Cape Province and South Africa is expected to grow at 2.22% and 2.49% respectively.
- For South Africa, a defining feature of the past decade is slow or stagnant national economic growth. Between 2011 and 2019, South Africa's gross domestic product (GDP) grew by an average of just 1.3% per year, compared to 4.2% in the years leading up to the 2008 global financial crisis.
- The COVID-19 pandemic dealt a further blow to South Africa's already limping economy, which contracted by 6.4% in 2020 and then grew by 4.9% in 2021 (the most

<sup>4</sup> Source: IHS Markit Regional eXplorer version 2201

rapid growth in 14 years). Yet, despite bouncing back in 2021, the economy remains smaller than it was pre-2020<sup>5</sup>

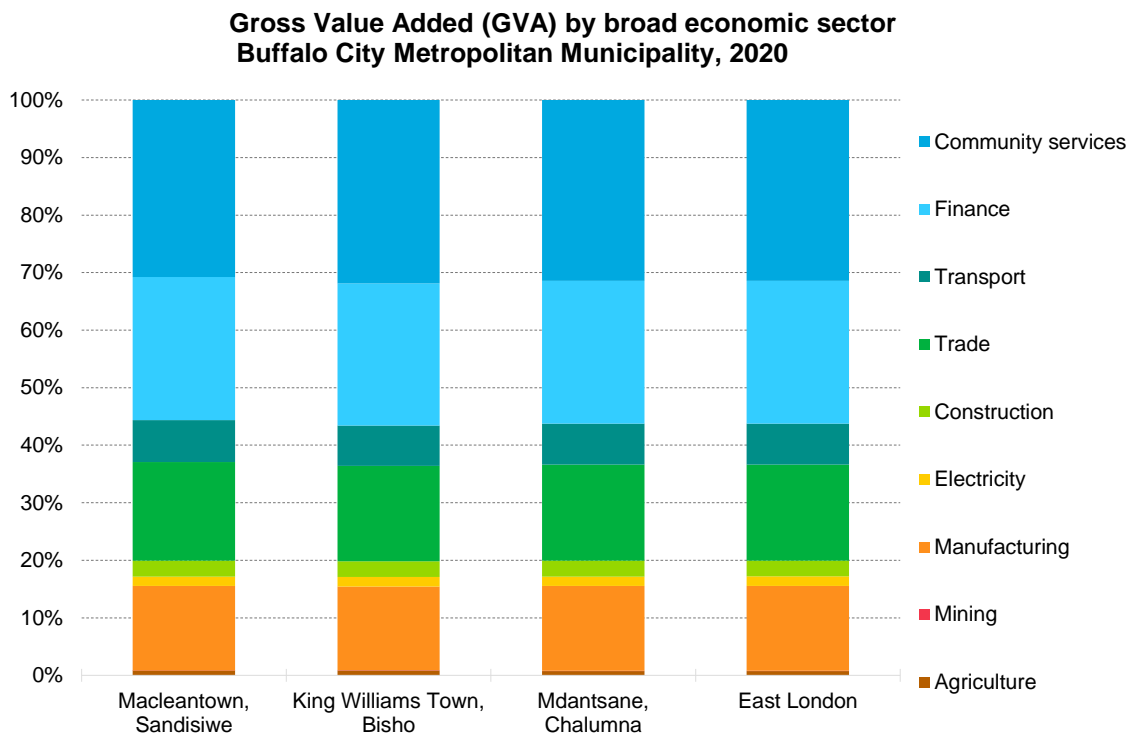


Figure 14: Gross Value Added (GVA) by broad economic sector - sub-metro regions of Buffalo City Metropolitan Municipality, 2020 [percentage composition]<sup>6</sup>

- d. Buffalo City contracted by 7% in 2020. Construction, manufacturing, trade, tourism, finance and business services have been the sectors most impacted by COVID-19 in the city. Small family-owned businesses have been heavily affected, many of which have closed and are unlikely to open again.
- e. The BCMM's ability to sustain current levels of fixed investment in the city is unlikely given the reductions in own revenue, reduced grant transfers from National Treasury, and less investment from the private sector (arising from reduced business confidence).

<sup>5</sup> (<https://tradingeconomics.com/south-africa/gdp-growth><https://tradingeconomics.com/south-africa/gdp-growth>)

<sup>6</sup> Source: IHS Markit Regional eXplorer version 2201

	Buffalo City	Eastern Cape	National Total
2010	1.5%	1.9%	2.6%
2011	3.4%	3.3%	3.2%
2012	1.7%	2.0%	2.4%
2013	1.4%	1.4%	2.5%
2014	0.7%	0.7%	1.4%
2015	0.7%	1.0%	1.3%
2016	0.9%	0.8%	0.7%
2017	0.3%	0.5%	1.2%
2018	0.9%	1.0%	1.5%
2019	-0.3%	-0.1%	0.1%
2020	-6.4%	-6.6%	-6.4%
<b>Average Annual growth 2010-2020</b>	<b>0.30%</b>	<b>0.39%</b>	<b>0.74%</b>

Table 16: Gross Domestic Product (GDP) - Buffalo City, Eastern Cape and National Total, 2010-2020 [Annual Percentage change, Constant 2010 prices]<sup>7</sup>

- f. In 2020, the Buffalo City Metropolitan Municipality achieved an annual growth rate of -6.37% which is a slightly higher GDP growth than the Eastern Cape Province's -6.58%, and is higher than that of South Africa, where the 2020 GDP growth rate was -6.43%. Contrary to the short-term growth rate of 2020, the longer-term average growth rate for Buffalo City (0.30%) is slightly lower than that of South Africa (0.74%). The economic growth in Buffalo City peaked in 2011 at 3.43%.

### 5.4.3 TOURISM

- a. In Buffalo City Metropolitan Municipality, the Other (Medical, Religious, etc), relative to the other tourism, recorded the highest average annual growth rate from 2010 (96 600) to 2020 (27 600) at -11.76%. Visits to friends and relatives recorded the highest number of visits in 2020 at 151 000, with an average annual growth rate of -15.57%. The tourism type that recorded the lowest growth was Leisure / Holiday tourism with an average annual growth rate of -17.51% from 2010 (168 000) to 2020 (24 500).

<sup>7</sup> Source: IHS Markit Regional eXplorer version 2201

**Tourism - trips by Purpose of trip  
Buffalo City Metropolitan Municipality, 2020**

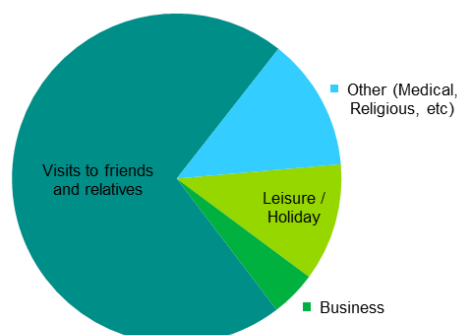


Figure 15: Trips by Purpose of trip - Buffalo City Metropolitan Municipality, 2020 [Percentage] <sup>8</sup>

- b. From 2010 to 2020, the number of bed nights spent by domestic tourists has decreased at an average annual rate of -15.77%, while in the same period the international tourists had an average annual decrease of -6.77%. The total number of bed nights spent by tourists decreased at an average annual growth rate of -14.31% from 5.7 million in 2010 to 1.22 million in 2020.

	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc)	Total
2010	168,000	52,500	819,000	96,600	1,140,000
2011	155,000	50,800	762,000	94,100	1,060,000
2012	137,000	51,200	678,000	90,500	956,000
2013	118,000	48,100	607,000	91,500	865,000
2014	107,000	46,500	578,000	93,000	824,000
2015	97,100	45,600	557,000	91,000	790,000
2016	93,100	46,300	543,000	92,100	775,000
2017	89,600	44,000	533,000	93,200	760,000
2018	88,900	42,600	520,000	89,700	741,000
2019	90,000	39,400	519,000	85,600	734,000
2020	24,500	9,500	151,000	27,700	212,000
<b>Average Annual growth 2010-2020</b>	<b>-17.51%</b>	<b>-15.72%</b>	<b>-15.57%</b>	<b>-11.76%</b>	<b>-15.44%</b>

Table 17: Number of trips by purpose of trips - Buffalo City Metropolitan Municipality, 2010-2020 [Number/Percentage]<sup>9</sup>

<sup>8</sup> Source: IHS Markit Regional eXplorer version 2201

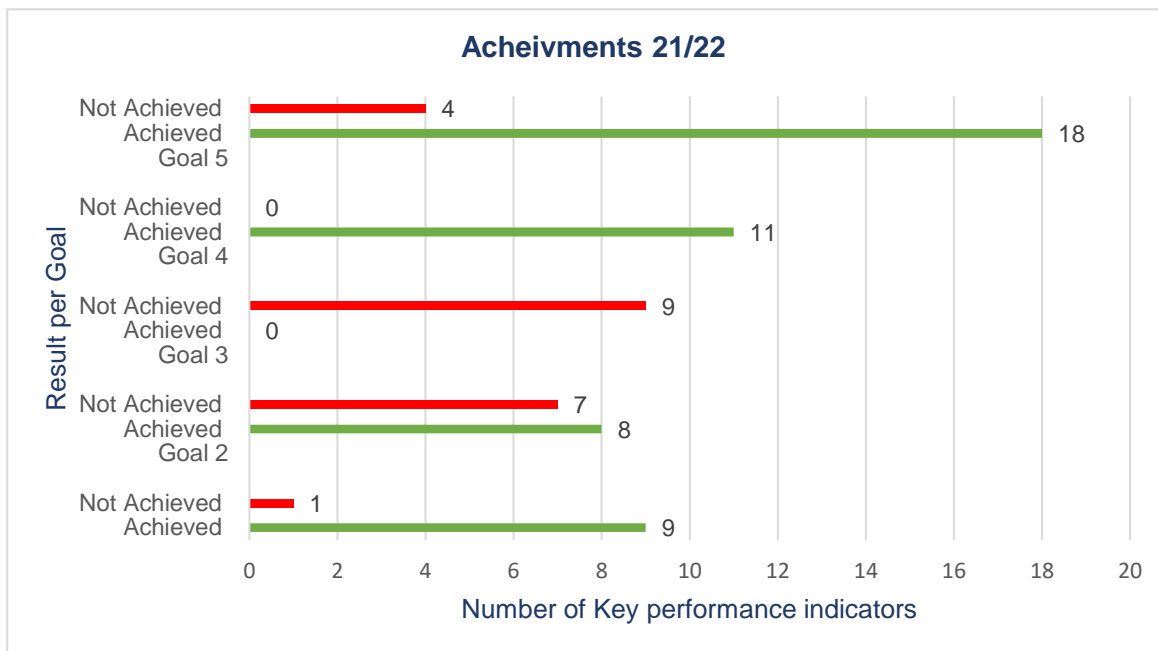
<sup>9</sup> Source: IHS Markit Regional eXplorer version 2201

- c. In Buffalo City Metropolitan Municipality, the Other (Medical, Religious, etc), relative to the other tourism, recorded the highest average annual growth rate from 2010 (96 600) to 2020 (27 600) at -11.76%. Visits to friends and relatives recorded the highest number of visits in 2020 at 151 000, with an average annual growth rate of -15.57%. The tourism type that recorded the lowest growth was Leisure / Holiday tourism with an average annual growth rate of -17.51% from 2010 (168 000) to 2020 (24 500).
- d. The Visits to friends and relatives at 70.97% has largest share the total tourism within Buffalo City Metropolitan Municipality. Other (Medical, Religious, etc) tourism had the second highest share at 13.01%, followed by Leisure / Holiday tourism at 11.55% and the Business tourism with the smallest share of 4.47% of the total tourism within Buffalo City Metropolitan Municipality.
- e. Buffalo City Metropolitan Municipality had a total tourism spending of R 1.2 billion in 2020 with an average annual growth rate of -8.0% since 2010 (R 2.75 billion). Eastern Cape Province had a total tourism spending of R 6.69 billion in 2020 and an average annual growth rate of -7.3% over the period. Total tourism spending in South Africa decreased from R 188 billion in 2010 to R 95.8 billion in 2020 at an average annual rate of -6.5%.

## **5.5 Organisational performance against predetermined objectives**

The Agency developed its annual performance in fulfilment of the provisions of MFMA and Local Government Systems Action to monitor and evaluate implementation of the strategy. The performance scorecard details all the KPI's that the ECDC has in its annual performance plan and the deviations to the target for financial year are depicted below.

During the year the Annual performance plan was reviewed and approved twice resulting the final performance tables listed hereunder. Statistically, the following summary of achievements were made per goal which is expanded in the tables hereunder.



**Figure 16: Achievements in outcomes for 21/22**

### 5.5.1 Outcome 1: Dynamic Tourist attraction

**Table 18: Outcome 1**

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.1 Number of research reports developed.	2 Research outputs developed	R150 000	Investment Promotion and Tourism Development	<b>Achieved</b> 2 Research reports developed	Research on Douglass Street completed informal trader needs completed.  Research report on waste management output analysis completed.	None
1.2 Number of visitors from the point a facility is rolled-out into the market.	1000 visitors to BCMDA facilities	R0	Investment Promotion and Tourism Development	<b>Not achieved</b> 0 visitors to BCMDA facilities	BCMDA Water World and Court Crescent projects are incomplete and could not take visitors	Completion of Court Crescent and Water World
1.3 Number of world class tourism routes developed.	3 Tourism routes business cases developed	R600 000	Investment Promotion and Tourism Development	<b>Achieved</b> 3 Tourism routes business cases developed	3 routes in Duncan Village (museum,	None

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.4 Number of events attracted to BCMDA facilities through organisers	1 negotiations report event organiser.	R0	Investment Promotion and Tourism Development	<b>Not achieved</b> 0 negotiations report event organiser	Due to lack of budget for transactional advisory services the project could not be initiated.	To peruse internal mechanisms to conduct negotiations.
1.5 Number of events calendars developed	1 Digital Events Calendar developed (Prototype)	R100 000	Investment Promotion and Tourism Development	<b>Achieved</b> 1 Digital Events Calendar developed (Prototype)	Document presented at EXCO.  Next steps: Provide training to end user staff (6 people) on the usage of the system.	None
1.6 Number of assessment reports on TIM	1 draft updated TIM		Investment Promotion and Tourism Development	<b>Not achieved</b> Farmwork for teams' assessment developed.	Not enough time was allocated to TIM's report	Prioritise this implementation next quarter
1.7 Number of public art initiatives implemented	1 public art feature installed.	R1000 000	Investment Promotion and Tourism Development	<b>Not achieved</b> 0 public art feature installed	BAC is still to approve the installation of Public Art features.	None

### 5.5.2 Outcome 2: Attractive home for global investments and sustainable economic development

Table 19: Outcome 2

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.8 Number of investment research reports.	1 draft investment research report	R0	Investment Promotion and Tourism Development	<b>Not Achieved</b> 0 investment research report	An investment research report not done due top no budget	Budget allocation in the new financial year is key
1.9 Number of investment deals concluded.	1 Notarial Lease concluded for Water World Hotel	R50 000	Investment Promotion and Tourism Development	<b>Not achieved</b> 0 Notarial leases concluded	BCMDA is reconsidering its negotiation posture and hence is considering	Confirm BCMDA position and initiate

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					renegotiating its deal with the investor.	negotiations with investors
1.10 Value of investment deals concluded.	R 350 million secured	R0	Investment Promotion and Tourism Development	<b>Not achieved</b> R 0 secured	BCMDA is reconsidering its negotiation posture and hence is considering renegotiating its deal with the investor.	Confirm BCMDA position and initiate negotiations with investors
1.11 Number of investment policies developed	1 investment policy and strategy adopted	R0	Investment Promotion and Tourism Development	<b>Not achieved</b> 0 investment policy and strategy adopted	Policy and strategy were adopted by PDIC however are yet to be presented to board. investment policy and strategy at draft stage	Present Investment policy and strategy to board
1.12 Number of land parcels identified for investment opportunities	1 Report on land parcels developed	R0	Investment Promotion and Tourism Development	<b>Not Achieved</b> 0 Report on land parcel developed	Areas and sectors for investment have been identified, the next phase is to identify specific land parcels.	Awaiting land audit report from the City
1.13 Number of investors identified on property developed (Water World Racetrack)	1 investor identified for water world Racetrack revitalisation	R50 000	Investment Promotion and Tourism Development	<b>Not achieved</b> 0 Investor identified	BCMDA is still reviewing its commercialization strategy regarding the East London racetrack	Complete
1.14 Number of technical reports on property developed (BCMM office space needs)	2 progress report on property development on BCMM and BCMDA Space Needs developed.	R0	Investment Promotion and Tourism Development	<b>Achieved</b> 2 progress report on property development on BCMM and BCMDA Space Needs developed.	None	None
1.15 Number of land parcels allocated investors (Sleeper Site)	2 draft notarial lease developed (Sleeper Site and Marina Glen A)	R0	Investment Promotion and Tourism Development	<b>Not Achieved</b> 0 draft notarial lease developed (Sleeper Site and Marina Glen A)	Negotiations have yet to take place for both properties	None



Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.16 Number of notarial lease agreements signed (Victoria Grounds Stadium)	1 notarial lease concluded. - Victoria Grounds Stadium - Seaview Terrace	R200 000	Investment Promotion and Tourism Development	<b>Not achieved</b>  0 notarial lease concluded.	Draft Notarial lease was concluded however there was opposition to the stadium being used and 3 alternative sites were shown to the investor. An investor decision will be made once they have decided on the financial projections.	The investor has been engaged with alternative sites in Qonce.

### 5.5.3 Outcome 3: A robust property market

Table 20: Outcome 3

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.17 Number of Policies developed for Business Improvement Districts (BIDS) and Special Rates Area (SRA) [rural /urban].	1 policy	R1 700 000	Property Planning, Development and Management	<b>Not Achieved</b>  0 policies developed	Draft policy presented to BCMDA EXCO. The indication was that this is a high-risk project as majority property owners will be opposed and not want to share details of their properties. This comment has led to uncertainty on whether to proceed or not. Public participation needs to be conducted prior submission to Board and/or Council	Initiate public participation process in line with BCM processes.
1.18 Approval of beach designs (Architectural designs)	1 approved design beach (Winter strand Beach)	R500 000	Property Planning, Development and Management	<b>Not Achieved</b>  0 beaches designed	- Delays encountered due to consideration of replacing Winterstrand Beach with Nahoon Beach. - Terms of reference for professional services were advertised and evaluated, however no appointment made due to budget limitation.	To source budget
1.19 Number of property development	2 projects - Water World and Court Crescent	R29 625 289	Property Planning, Development	<b>Not Achieved</b>	- Contractual issues at Water World have led to termination of Contractor's contract.	Court Crescent site handover and official opening will be done once contractor has

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
projects completed.			and Management	0 projects completed	- Court Crescent encountered delays due to Employer's Agent abandoning works in protest of payment.	completed de-snagging.
1.20 Number of properties operationalised	2 projects operationalised (Water World and Court Crescent)	R1 200 000	Property Planning, Development and Management	<b>Achieved</b>  2 projects operationalised	Court Crescent - Operating model has changed. The site facility will be handed back to BCMM for operating. Water World – Contractor's contract was terminated; therefore, the project has been on hold since April 2023.	Operating model changed and operationalisation is no longer necessary
1.21 Number of projects undertaken as part of BIDS	1 project	R650 000	Property Planning, Development and Management	<b>Achieved</b>  1 Project	Still within contract period Project in progress (Ebuhlanti)	None
1.22 Number of private property investments that get all the necessary approvals from both local and provincial government.	7 private property investments	R0	Property Planning, Development and Management	<b>Not Achieved</b>  0 private property investments	In progress Information from third parties with respect to Victoria Grounds has been requested and awaiting feedback.	Continuous follow ups
					In progress Information from third parties with respect to Water World Hotel development has been requested and awaiting feedback.	Continuous follow ups
					In progress Information from third parties with respect to BCMM space needs has been requested and awaiting feedback.	Continuous follow ups
					In progress Information from third parties with respect to the Eastern Beach	Continuous follow ups

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
					development has been requested and awaiting feedback.	
					In progress Information from third parties with respect to Sleeper Site has been requested and awaiting feedback.	Continuous follow ups
					In progress. Information from third parties with respect to Seaview terrace has been requested and awaiting feedback.	Continuous follow ups
					In progress Information from third parties with respect to Marina Glen A has been requested and awaiting feedback.	Continuous follow ups

#### 5.5.4 Outcome 4: Delivered Socio-Economic development programs

Table 21: Outcome 4

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.23 One project with direct impact and improvement to marginalised groups (direct impact e.g., jobs creation, improvement in poverty levels, number of people positively impacted by interventions)	1 project (waste management programme implemented in Duncan Village) and design of Buy Back Centre	33 136 668	Property Planning, Development and Management	<b>Not Achieved</b>  0 Waste Projects management implemented.	<ul style="list-style-type: none"> <li>- Socio Economic components, resulting in job creation, education and awareness is ongoing and progressing well, without challenges.</li> <li>- Infrastructure Component -Service provider was terminated after providing designs that exceeded the allocated budget. A new service provider will be sourced.</li> </ul>	Procurement of design and implementation services for the Buy-Back Centre.

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.24 Number of Community Development projects supported by CSI	3 projects	R144 651	Property Planning, Development and Management	<b>Not Achieved</b>  1 CSI projects implemented for Mandela day.	2x non-responsiveness of submissions due to non-compliance to requirements. Budget was redirected and spent on a different CSI project.	
1.25 Number of Community Development projects supported by CSI	3 community development projects supported (brand building)	R150 000	Investment Promotion and Tourism Development	<b>Not Achieved</b>  0 CSI project supported.	There was a re-prioritisation of these development projects, and these were put on hold.	Alternative projects will be identified over the coming financial year.
1.23 One project with direct impact and improvement to marginalised groups (direct impact e.g., jobs creation, improvement in poverty levels, number of people positively impacted by interventions)	1 project (waste management programme implemented in Duncan Village) and design of Buy Back Centre	33 136 668	Property Planning, Development and Management	<b>Not Achieved</b>  0 Waste management Projects implemented.	Procurement process in progress for new service provider	Procurement process in progress for new service provider
1.27 Number of Rural Development Programmes supported	1 rural development intervention implemented	168 600	Investment Promotion and Tourism Development	<b>Achieved</b>  1 rural development intervention implemented.	Agriculture inputs were provided for Shushu B Village as well as Macleantown village as part of the rural development programme.	None
1.28 Number of SMME strategies developed and implemented	1 SMME Strategy implementation on report	R0	Investment Promotion and Tourism Development	<b>Achieved</b>  1 SMME Strategy implementation report	After calls for proposals on SMME support and analytical report detailing nature and type of SMME support required has been developed.	None

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.29 Project 2 (Integrated Waste Management, Beautification programme) (PEP Public Employment Program) short term project 6 months	Project implementation report (close out)	R18 551 066	Investment Promotion and Tourism Development	<b>Achieved</b>  1 Project implementation report developed.	Implementation report has been developed. However, because the project has been extended it is no longer a close out report.	None
1.30 Number of jobs created in Project 2 (PEP)	200 jobs created	9 600 000	Investment Promotion and Tourism Development	<b>Achieved</b>  200 jobs created.	At the end of the year the BCMDA over 250 jobs created.	None
1.31 Number of participants from designated groups employed	40 participants from designated groups	0	Investment Promotion and Tourism Development	<b>Achieved</b>  80 participants from designated groups were sustained.	At the end of the quarter the Agency had over 80 participants in the Designated groups category.	None

### 5.5.5 Outcome 5: A well governed and viable agency

Table 22: Outcome 5

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.32 Health of financial ratios	Liquidity = 2:1 Debt Coverage = 1:1 Operating Cost Coverage = 2:1 Solvency = 1:1 Profit margin = 5%	R0	Chief Financial Officer	<b>Achieved</b>  As per the financial statements	1.7:1	None
1.33 Implementation of a Financial Sustainability Strategy	Implementation and Monitoring of Financial Sustainability Strategy	R0	Chief Financial Officer	<b>Achieved.</b>  As reported in the quarterly reports to the City	Implementation and monitoring is performed monthly	None

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.34 Compliance on financial planning, administration, and reporting requirement	100% compliance	R0	Chief Financial Officer	<b>Achieved.</b> 4 reports submitted to the City	100% compliance	
1.35 Improved Audit Outcome	Unqualified Audit Opinion without findings	997 360	Chief Financial Officer	<b>Achieved.</b> Achieved for 21/22	New audit findings on material adjustments on AFS and deficiencies identified on project management	None
1.36 Expenditure incurred	97% Spending of grant from the city.	R0	Chief Financial Officer	<b>Achieved.</b>	97%	None
1.37 Improved percentage implementation of recommendations from External and Internal Audit Reports	90% Implementation of recommendations from External and Internal Audit reports	R0	Chief Financial Officer	<b>Achieved.</b>	100% implementation of recommendations from External and Internal Audit	None
1.38 Percentage LEVEL ONE BBBEE expenditure on procurement of goods and services	0.75	R0	Chief Financial Officer	<b>Achieved.</b>	95.86%.	None
1.39 Agency performance level	100% Performance Level Achievement	R0	Corporate services	<b>Achieved.</b> Mid-term and annual reviews for all staff completed	Mid-term and annual Reviews were conducted.	N/A
1.40 Level of wellness of the employees	100% Employee Wellness	R120 000	Corporate services	<b>Achieved.</b> Appointed Service provider in place to deal with Employee wellness.	Continuous Implementation of the programme. Counselling and Advisory Services were provided to staff in need.	N/A
1.41 Competitiveness of reward systems	Market related salaries for talent attraction and staff retention	R30 300 942	Corporate services	<b>Not Achieved.</b> Deferred to the ODD process	As part of ODD & Migration, the job profiles for staff below Executives were to be revised, however, the process has been put on hold. The agency is in a process of re-doing ODD Process	Subject to the finalisation of ODD Process

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.42 Employment Equity Compliance	100% compliance with Employment Equity	R0	Corporate services	<b>Not Achieved.</b>  The EE plan was not finalised.	Priority was given to other projects due to limit resources	The plan is deferred to Q1 of the new financial year which is finalise the EE plan.
1.43 Skills Development and Highly Skilled Staff	97% spent of approved training budget	R433 910	Corporate services	<b>Not Achieved.</b>  83% spend	Minimal implementation of the training plan over Q4 resulted in less than 97% spent.	Closer Alignment of training to PDP.
1.44 Level of global connectedness [Number of systems/solutions deployed]	2 Systems/ Solutions deployed	R321 339	Corporate services	<b>Not Achieved.</b>  DR solution deployed.	Implementation of an offsite Disaster Recovery Solution (IDZ)	N/A
1.45 Amount of contribution to relevant research platforms on relevant work [Number of research platforms adopted]	2 Research Platforms adopted	R0	Strategy and research	<b>Achieved.</b>	Budget has been deployed for the initial work to take place.  Contact has been made with NMU and Fort Hare.	None
1.46 Amount of contribution to Smart City programme [Number of smart city initiatives implemented]	2 Smart City Initiatives implemented	R50 000	Corporate services	<b>Not Achieved.</b>  Digital events calendar only was developed.	The Hosting of Digital Events Calendar was completed in Q4	N/A
1.47 Governance maturity level	Level 4: Corporate Governance Maturity level	R2 998 871	Legal and ComSec	<b>Achieved.</b>	All 9 matters related to the index were completed over the quarter. 100% compliance was achieved.	None
1.48 Number of reports and data sets that supports sound decision making made available to partners	3 reports and datasets made available to partners	R0	Investment Promotion and Tourism Development	<b>Achieved.</b>  Performance reports, Council reports and route development was provided	Annual Report provided to stakeholders. BCMM Quartey reports provided to municipality, Investment reports provided to Council, Route development reports provided to stakeholders.	None

Output Indicator	2022 / 23 Annual Targets	2022 / 23 Budget	Owner	Achievements / Progress	Comments/ Challenges	Corrective Measure
1.49 Number of companies / institutions / individuals to whom you have sent information and received feedback	5 companies / institutions / individuals engaged	R0	Investment Promotion and Tourism Development	<b>Achieved.</b>	Stakeholder report provides details of companies engaged Khuselo Lwesizwe, Walter Sisulu University, BCMTV and Border Kie Chamber of Business	None
1.50 Value derived from Stakeholder Management [Number of engagements converted to Strategic Partnerships]	2 engagements converted to Strategic Partnerships	R0	Investment Promotion and Tourism Development	<b>Achieved</b>	Stakeholder report developed. Strategic partnership established with Walter Sisulu University, BCMTV and Border Kie Chamber of Business.	None
1.51 Number of annual performance reports developed	Number of annual performance reports developed	R0	Office of the CEO	<b>Achieved.</b> Annual report developed and submitted to the City	None	None
1.52 Number of Integrated Annual Report Developed	Number of Integrated Annual Report Developed	R0	Office of the CEO	<b>Achieved</b>	Comments from MPAC aligned to MFMA Circular 63 was done and adjusted.	None
1.53 Number of communication policies developed and implemented	1 communication policy adopted	R0	Investment Promotion and Tourism Development	<b>Not achieved.</b>	Communication policy is yet to be tabled to board	The policy to be tabled in the coming financial year 23/24.
1.54 Number of communication strategies developed	1 communication strategy implementation report developed	R650 000	Investment Promotion and Tourism Development	<b>Not achieved.</b>	The communication strategy is still being developed.	Once the policy is approved a strategy will be developed.



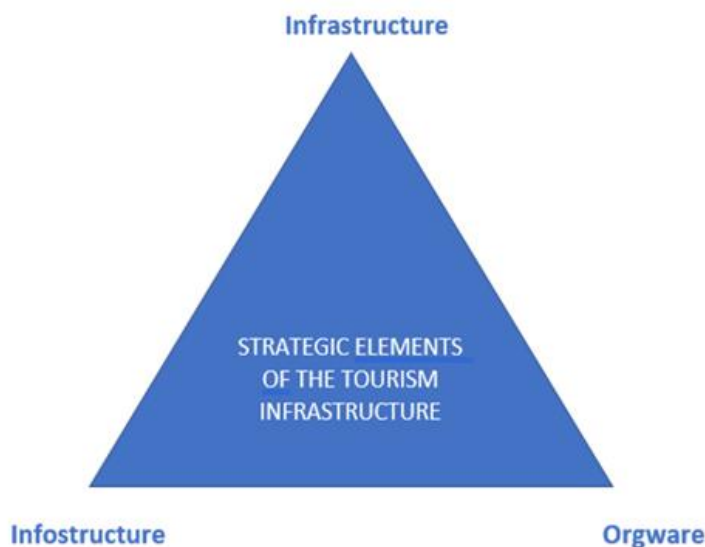
## 5.6 HIGHLIGHTS OF SERVICES PROVIDED PER PROGRAMME

As outlined in the previous chapter the mandate of the BCMDA is to attract investors into Buffalo City and increase economic growth through tourism, economic and social development, and property management and commercialisation. This mandate is carried out through five outcomes.

- Outcome 1: Dynamic Tourist attraction
- Outcome 2: Attractive home for global investments and sustainable economic development
- Outcome 3: A robust property market
- Outcome 4: Delivered Socio-Economic development programs
- Outcome 5: A well governed and viable agency

### 5.6.1 Outcome 1: Dynamic tourist attraction

Four years have passed since the Agency initiated its Tourism Development Programme. The programme is guided by the vision of further developing the Metro into a compelling destination in which to live, work, invest and play for both local and international tourists. The programme consists of the following sub-programmes:

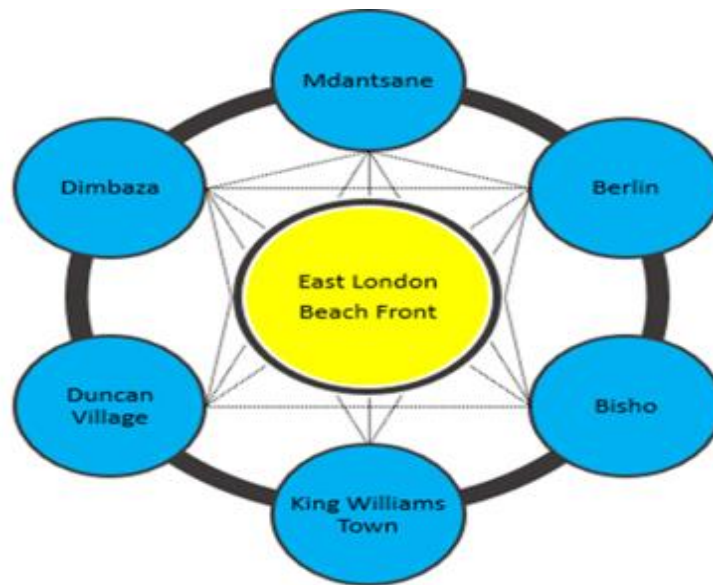


**Figure 17: Tourism development programme schematic**

- a. Tourism Infrastructure Master Plan implementation** which is comprises four elements that define the Agency's approach to product development, namely, infrastructure (signage and bulk), infostructure (content development including interpretive boards development) and orgware (institutional management of tourism routes including stakeholder mobilisation)
- b. Tourism Route development** which involves the development of various routes in the TIM's spatial focus areas, namely Esplanade, Duncan Village, Mdantsane, Ntabozuko, Qonce-Zwelitsha-Bhisho as well as Dimbaza.
- c. Interpretive Boards development** involves content development, the generation of story lines which are presented as content that reflect various aspects of the and sites under each route, these include the past and present lifestyles, origin histories, key sporting and political personalities, fashion, entertainment etc. These boards are presented in digital and manual forms and are planned to be installed around the Metro at the beginning of 2024.
- d. Public Art development** which seeks to enhance the Metro's placemaking efforts and its potential for growth in tourism, this is intended to be achieved through commissioning high quality artworks which generate widespread public interest and encourage the influx of tourists and inward investment. These efforts are intended to drive BCMDAs place making agenda.

#### **5.6.1.1 Route Development**

Route development is focused on consolidation and diversification of tourism products, creating opportunities for marginalized spaces, and coordinating a well-functioning tourism system through a hub and spoke model.



**Figure 18: Route development matrix**

This model proposes that a tourism hub be established on the beachfront which will serve as a gateway to the Metro and have its own distinct route. From the hub are various other nodes that are developed into complimentary routes and produced in line with the Spatial Development Framework of the Metro. These include Duncan Village, Mdantsane, Ntabozuko, Qonce-Zwelitsha-Bhisho as well as Dimbaza. To date routes have been developed in the Esplanade, Duncan Village and Mdantsane.

#### **5.6.1.2 Esplanade Route:**

In the Esplanade 20 (twenty) interpretive boards were developed and presented to stakeholders in a session that took place in October 2022. The interpretive boards feature pre- and post-colonial history of the beach front and East London in general. The interpretive boards are ready for installation around the Esplanade including Court Crescent Park. In this regard digital boards infrastructure was developed at Court Crescent to also complement the beautification elements of the park.

#### **5.6.1.3 Duncan Village Route:**

As part of efforts to develop Duncan Village Route and site activation, the Agency allocated resources to upgrade Dr W.B Rubusana Gravesite, and this work included the general landscaping, entrance signage installation, refurbishment to the site and

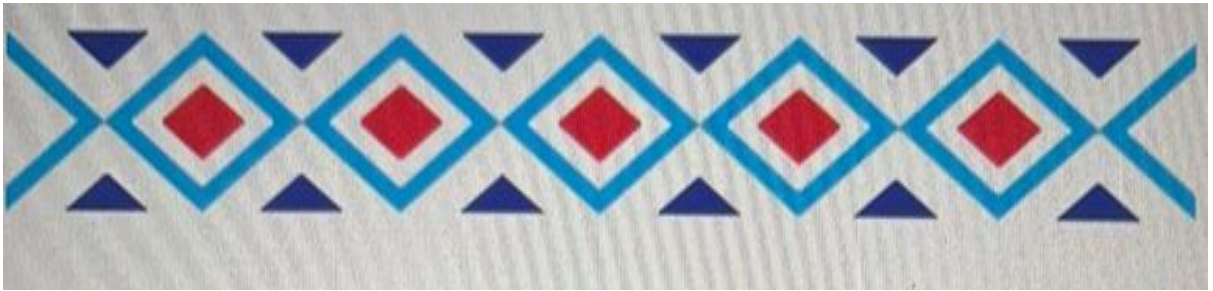
mounting of Dr Rubusana mosaic. A total of 10 interpretive boards were also developed as well as a route concept and business cases. Furthermore, the Agency undertook rapid assessment of the needs of informal traders operating along Douglas Street, Duncan Village. The research findings culminated in the development of a proposal for funding to provide water, waste management infrastructure, beautification etc.

#### **5.6.1.4 Mdantsane Route:**

A total of 20 interpretive boards were developed for Mdantsane as part of route development. These include boards about the entrepreneurial, sporting, political and entertainment life of the area. The boards were presented to stakeholders in April 2023. In addition, a route concept and business cases were developed. The businesses cases incorporate sites that will be developed to activate the route. To this end the Agency will mobilise private sector investment and further utilise its internal resources to provide support.

#### **5.6.1.5 Public Art Development**

The Agency developed a public art strategy and policy. The strategy outlines the types of commissions of public art, and how it may be deployed as part of the TIM vision and goals as well as the tourism route agenda. It also defines overarching initiatives to be considered as a backdrop to the themes and projects identified for implementation in the various development nodes and precincts of the hub and spokes of the route. The policy clarifies the role- players in the public art process, the procedures for the commissioning and de-commissioning of public artworks in designated areas of Buffalo City, guidance towards allocation of a portion of BCMDA project funds for development of public art features and the establishment of the permitting process.



**Figure 19: Design for artwork around the City**

To date various public art features have been developed based on a Xhosa inspired pattern that was approved by BCMDA and its stakeholders. In this regard the mural paintings have been commissioned at the beachfront, Steve Biko bridge, Turnbull Street and St George Street Park. This work is managed by BCMDA in partnership with Walter Sisulu University whereby the Agency has contracted 18 fine arts graduates to provide them with work experience through the Public Employment Programme funded by the National Treasury.

#### **5.6.1.6 Attracting events to BCMDA facilities**

To streamline the scheduling and booking of events that will be held at the newly developed facilities, the Agency developed a digital system that allows event organisers to book for the hosting of events and for visitors to secure online tickets for specific events that they interested on. In addition, the Agency has attracted 8 events which will be staged in Court Crescent and Waterworld park for a period of 5 years.

#### **5.6.2 Outcome 2: Attractive home for global investments and sustainable economic development**

The BCMDA Promotion Investment programme is targeted at positioned the Buffalo City Metro a compelling place to leave, work, play and invest. This work is guided by the BCMDAs mandate outlined in the service level agreement which it has with the BCMM that places the agency as the metro's investment promotion arm. This work is largely underpinned by the property investment programme that seeks to foster development of the metro through the capitalisation of strategic land parcels that the municipality has given to the agency to develop. The report will cover the following

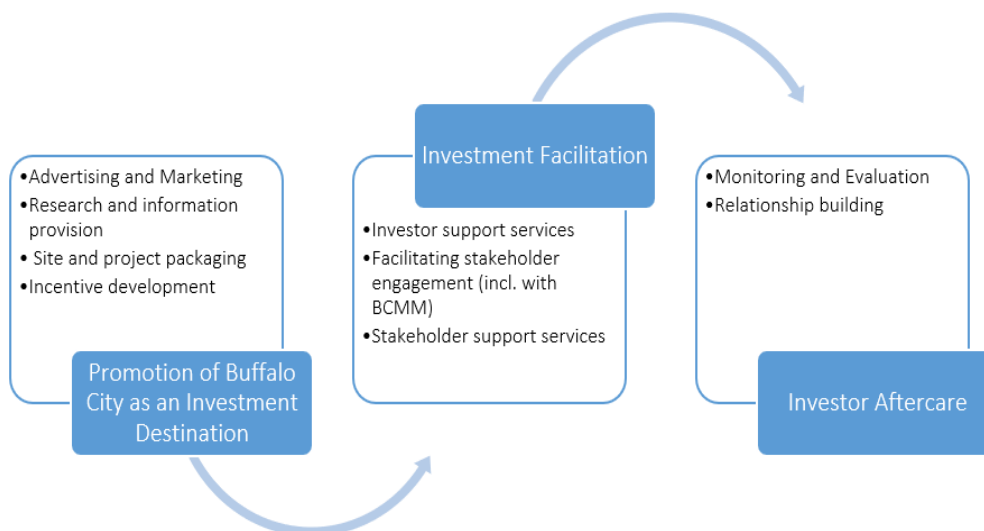
elements of the work on the investment programme Policy and strategy, Land parcel programme, Investment Platforms attended, Assessment of the current context and need for better research.

### 5.6.2.1 Policy development:

Significant progress was made on the development of the policy and strategy framework for investment work. The proposed policy is intended to create a regulatory framework of how the BCMDA goes about doing its investment work and is informed by the following values Performance, Professionalism, Integrity, Quality, Accountability and Transparency

The policy further highlights the need for BCMDA to develop strategies that:

- a. promote and market the Metro as an investment destination.
- b. Facilitate investment into the Metro.
- c. as well as ensuring investment retention through aftercare.



**Figure 20: Investment Management flow**

### 5.6.2.2 Property Investment Projects

- a. **Marina Glen A:** The BCMDA has targeted this site for mixed development. This may include retail, office space as well as accommodation. The 3,1-hector site is

located at the heart of the East London Beachfront and is in walking distance to several amenities including restaurants, entertainment parks and sporting grounds. During the year under review, the Agency was able to secure a potential investor for the property. The proposed development was presented and endorsed by Council during a special workshop facilitated by the BCMDA and the Office of the Speaker. The Agency has commenced with deal negotiations for the property.

By the end of the financial year the agency had attracted an investor to the property with an investment proposal of R 912 million. BCMDA commended with the groundwork for negotiations, this included the revision of its investment term sheet and ensure a better and more robust bargaining position on the following elements: lease term; local equity participation, BCMDA equity participation, lease payments as a % of gross rentals per annum; BCMM/ BCMDA equity participation; annuity payment from operating company and proceeds from sale of building.

- b. Seaview Terrace:** The BCMDA has targeted this site for hotel development. The 1,05-hectare site is located at the heart of the East London Beachfront and is in walking distance to a number of amenities including restaurants, entertainment parks and sporting grounds. The site has breath-taking views of the beach.

Near the end of 2019 the agency had attracted managed to attract an investor to the property with an investment R 355 million. Negotiations were held with the developer in the following year and this this resulted to the conclusion of a notarial lease and the transfer of the property. Due to number of administrative changes the project was stalled for some time. During this financial year, BCMDA significant progress was made towards completing the development agreement.

Work also took place to have further negotiations with the investor this included the revision of its investment term sheet and ensure a better and more robust bargaining position on the following elements: lease term; local equity participation, BCMDA equity participation, lease payments as a % of gross rentals per annum; BCMM/ BCMDA equity participation; annuity payment from operating company and proceeds from sale of building.

- c. Sleeper Site:** The BCMDA has targeted this site for mixed-used development. This may include retail and a municipal precinct. The proposed development specifically seeks to address the lack of office for the metro as well as to provide accommodation for students, amongst other purposes. The 13,6-hectare site is

located 5 minutes' drive to the city centre and five minutes to the beachfront, making it perfectly central for work and play. During the year under review, the Agency was able to secure a potential investor for the property.

The proposed investment value for the project is an investment proposal of R4.6 billion. During the year under review the BCMDA commended with the groundwork for negotiations, this included the revision of its investment term sheet and ensure a better and more robust bargaining position on the following elements: lease term; local equity participation, BCMDA equity participation, lease payments as a % of gross rentals per annum; BCMM/ BCMDA equity participation; annuity payment from operating company and proceeds from sale of building.

- d. Victoria Grounds Development:** Located on the hustling and bustling streets of the King Williamstown central business district, this 1,6-hectare site is targeted for retail development as well as for sporting and eventing opportunities.

An investor was awarded development right to the property during the previous financial year. The investment value of the awarded investor was R 350 million. Deal negotiations took place between the parties, this resulted in the drafting of a motorial lease as well as a development agreement. The deal also included the incorporation of a portion of Sweetwater property that would be used to house the new proposed sporting grounds. For this purpose, a resettlement agreement was drafted.

Progress on the project has been delayed due to consultation process with sections within the local community on the exact development path the project should follow. A key point at the center of divergence in the development path is due to the impact and management of the legacy and heritage aspects of the Victoria Grounds. The BCMDA has been active in charting a wayward in this regard and it is anticipated that these challenges will be delt with effectively dealt with in the beginning on the next financial year.

- e. Latimer's Landing Development:** As part of the holistic development of the beachfront, as well as port development process, the BCMDA conducted a feasibility study on the prospects for developing Latimer's Landing. This work was undertaken with the consent of the Port of East London. The potential land uses for this development will be as follows namely Hotel, Retail, Office, Residential and Boutique Residential



The BCMDA has been engaging Transnet Port Authority and Transnet to look at a workable approach that can draw-in investment into this precinct as part of broader waterfront development.

- f. Signal Hill Development:** As part of the holistic development of the beachfront, as well as the port development process, the BCMDA conducted a feasibility study on the prospects of developing Latimer's Landing. This work was undertaken with the consent of the East London Ports Authority. The potential land uses for this development will be as follows Business Centres, Spa Retail, Conference Centre, Hotel and Port Offices.

These projects are anticipated to create thousands of jobs during their development and operational stages. They will also create much needed infrastructure that supports tourism. The quality of life in BCMM should equally improve from these interventions. Last but not least, it is the intention that a large percentage of funding for these projects come from the private sector augmenting that provided by the municipality. Discussions between BCMDA, BCMM and Transnet has provided some guidance on how best to approach these port projects without taking away from core qualities.

#### **5.6.2.3 Investment Platforms attended:**

As part of its profiling and marketing the Metro, the BCMDA continues to participate in number on platforms that seek to attract investment into the Metro. During the year under review some of the notable engagements that the agency participated in include the Buffalo City -China Partnership conference that was held in East London. The agency also participated in the South Africa- China virtual Conference led by the honorable Executive Mayor and the Hon South African Ambassador to China, His Excellency Cwele. The Provincial Investment Conference continues to be a milestone in the provincial investment calendar where it provided updates on its investment programmes.

As part of its aftercare investment agenda, the agency continues to engage exiting investors in East London, these engagements have been on a one-on-one basis but also through group sessions consultations. A notable engagement in this regard was with investors in the Quigney and West Bank wards. The platform allowed for the

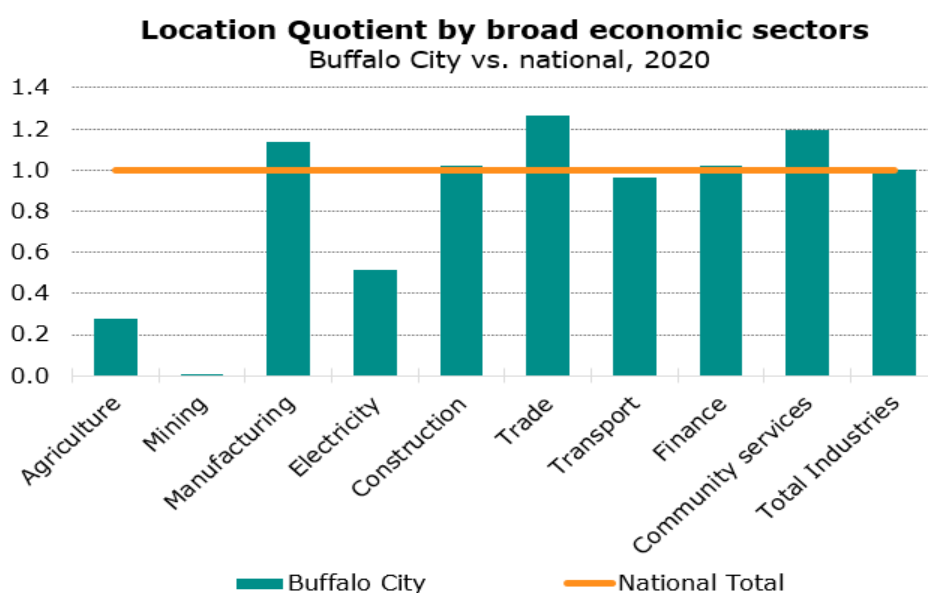
agency to get an indication of some of the critical challenges and opportunities for the private sector. The engagement also allowed for the agency to share progress on its capital projects and future property investments.

The agency has also been instrumental in participating in the in setting up the investment governance structures at provincial level, to this regard it has been a frequent participating the provincial investment committee that has been tasked with setting up the Provincial Investment Committee. Interest on partnerships has been expressed by Mercedes Benz South African to work closer with the agency.

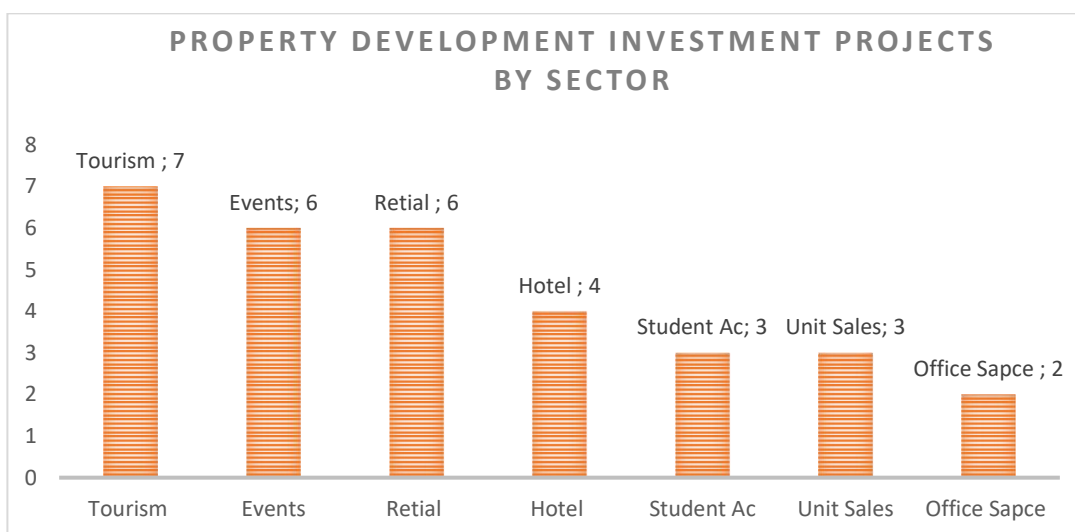
#### 5.6.2.4 Assessment of the current context.

##### a. Need for better research!

As the agency continues to position itself a significant as player in driving the investment agenda of the Metro. We indent on developing deeper research outputs that will improve the investment appeal and climate in the metro. This work is intended to complement the existing research that has been conducted by the Metro which shows that BCMM has a competitive economy. In term of the location quotient which compares the concentration of an industry within a specific area to the concentration of that industry within a specific area (BCMM) to the concentration of that industry nationwide.



This means that BCMMDM enjoys an above national concentration of industry in the manufacturing, trade, and community services. The metro also has a good concentration of industry in the construction and finance. This research however shows that the metro is not explaining the agriculture and electricity sectors where it has low levels of concentration but does the factors of production and demand to grow these sectors. The BCMDA will be looking at such challenges going forward in its research and project development work.



The BCMDA seeks to diversify its property investment portfolio, which has been dominated by tourism related developments as associated industries such as events, hotel and accommodation and retail space. Research conducted this year indicates that the agency should consider property investments that are in the following areas:

**b. Possible new sector and space**

Industrial property (mixed)	Sporting and Events
Energy / renewable energy	Film Industry
Waste Management and beneficiation	Logistics
Agriculture and beneficiation	Auto Sector

Student Accommodation	Chemicals
Housing Development	

The experience of the Victora Grounds project demonstrates that the Metro needs to find a more sustainable approach to the management of sporting facilities. The BCMDA intends to look into this area as develop a framework on how to best management these facilities and bring much needed capital investment into these assets.

### 5.6.3 Outcome 3: A robust property market

Here under is a brief progress report on infrastructure projects in Execution:

- a. Completion of Court Crescent Recreational Park – the Park has achieved practical completion. Official launch and hand over are awaiting the date from BCMM.
- b. Completion Water World Fun Park – Contract with the main contractor – Mvusuludzo Projects has been terminated, contract is undergoing litigation (Adjudication). Attorneys have been appointed through BCMM supply chain process.
- c. Environmental cleaning services at Marina Glen B (Ebuhlanti) is progressing well and current contract is due to expire in December 2023.
- d. Duncan Village Waste Management Programme: Waste collection and recycling continues with Duncan Village as a pilot. Two static buy-back centres are currently in operation. Duncan Village buy-back centre designs contract has been terminated due to contractual issues with Engineers. A new service provider is being sought.
- e. Business Improvement Initiative with Oxford Street as a pilot was awarded to Pholisani Capital for a period of six (6) months and has been extended for another three (3) months due to delays in getting information from BCMM Officials. Research has been submitted to the Agency, awaits Board presentation and approval before it goes to the Council.
- f. A development plan for the Port of East London is in progress, Transnet is finalizing its internal investment processes Follow-up meetings are ongoing and are scheduled as and when there is a need.
- g. Esplanade Masterplan development and Winterstrand Beachfront upgrades are in procurement stage.

#### **5.6.4 Goal 4: Delivered socio-economic programmes**

BCMDA is mandated to conceptualise, plan and execute catalytic socio-economic development projects. The Unit is charged with rolling out social and economic development programmes. These programmes are targeted at having a positive impact on livelihoods of the citizens of the metro through targeting especially disengaged groups such as the youth and women. These projects are also geared at addressing the spatial development imbalances within the metro as well as incorporating previously disadvantaged spaces.

The programme is geared at promoting sector development diversification such as textiles, agriculture, and renewable energy development. While the programme is still at a nascent stage initiative for SMME development have started to take root, it is the short term to medium objective of the programme to provide support to SMMEs inline with the BCMDA SMME Policy and Strategy.

In promoting improved livelihoods the programme also looks at creative approaches to job creation through partnerships with programmes such as public employment work. The mandate of the Socio-economic Development Unit amongst others is to implement projects with direct impact and improvement to marginalized groups through the following programme's:

- a. Rural Development projects
- b. SMME development strategies
- c. Public Employment Programme
- d. CSI Projects
- e. Sector Development Partnerships

The following programmes are geared toward ensuring that the Agency becomes more responsive to stakeholder need:

##### **5.6.4.1 RURAL DEVELOPMENT PROJECTS**

###### **a. Maclean Town Agriculture Project**

The project is located in Macleantown (Farm 7 which consists of 248 hectares (ha) of land.) and is situated about 34 km northwest of East London in the Buffalo City Metropolitan Municipality. The major challenge facing the town is slow economic growth resulting in high levels of unemployment and poverty. While there are vast

parcels of arable land secured for the community through the Land Restitution Programme, there is however a lack of an intensive drive to identify, package and profile economic development opportunities in order to attract inward investment. The area has vast parcels of land that are suitable for large scale production and processing of agri-produce as well as enabling conditions for renewable energy and tourism.

To ensure that Macleantown becomes a sound and fully functional part of the BCMM's economic landscape offering residents a range of life opportunities to improve their quality of life, the BCMDA is undertaking an Economic Regeneration Programme of the area which seeks to build and sustain a vibrant local economy that is grounded on the area's comparative advantage in agriculture, renewable energy, tourism and other related economic sectors.

The project will be implemented through the following actions:

- I. **Compile general information about Macleantown including an audit of community owned land, climate, topography, population dynamics etc:**
  - Land ownership audit has been conducted and list of beneficiaries has been developed.
  - Farm assessment study in partnership with DRDAR has been done, the study includes - soil test, farm usage over the past 10 years, farm infrastructure and climatology.
  - Agriculture inputs were purchased for the beneficiaries start garden farming in the meantime in form of seedlings for cabbage, spinach, and maize.
- II. **Identify investment opportunities and develop a detailed profile of each Opportunity:**

Currently on planning stage.
- III. **Develop a persuasive Investment Memorandum to encourage public and private sector investment into the programme.**
- IV. **Identify Key role players and Secure Partnerships required to secure investments into identified opportunities:**

DRDAR has been roped into the project to play a critical role in assisting the farm to be in a suitable condition for investment opportunities.

- V. **Assess off take opportunities for products and services and facilitate engagements with potential public and private sector partners.**
- VI. **Facilitate investment deal negotiations up to a financial close.**

#### **b. Shushu B Agriculture Project**

Shushu Village is within Ward 40 of Buffalo City Metropolitan Municipality (BCMM), has a population of about 112 people and 41 households (BCMM, 2018). Individual families own fields with a size range of between three to six hectares each. The fields are utilized for dry farming of maize and dry beans. Most popular crops produced within the household gardens are Potato, Cabbage, Spinach, Tomato, Carrot, Beetroot, Onion, Maize and Dry bean. Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR) extension services and BCMM Economic Development & Agencies directorate the agricultural activities are mainly occurring at a small scale at the backyards of individual households.

To unlock opportunities within Shushu B village, various agriculture and agro-processing value chains had to be identified and assessed. Shushu B Agro-Processing business case was developed, with the assistance of CSIR to identify and profile potential economic development opportunities for Shushu B Village. The objective was to select one opportunity and carry out a feasibility study to assess the viability of establishing an enterprise that would provide jobs to the local community. The value chain analysis was finalised, with opportunities identified and assessed. These opportunities were profiled, and based on the information shared during these engagements, the community selected the vegetable production opportunity for the feasibility study. The Business Case identifies a few crops that can be produced and commercialised, including Potatoes, Onions, Carrots, Green beans, Butternuts and Peppers

The document has been workshopped with the Shushu B community. The Agency will initiate a process of finding an investor for the project whose investment will be the creation of downstream and upstream opportunities for the community

including small-scale farmers within the area. The following tasks were conducted in that regard:

- **Relief Support**

Agriculture inputs were purchased for the beneficiaries to pursue garden farming in the meantime in form of seedlings for cabbage, spinach, and maize.

- **Develop profiles for selected opportunities and indicate costing implications for conducting pre-feasibility and feasibility assessments:**

Pre-feasibility study indicated that the Shushu B agriculture project may produce vegetables from available 30 hectares of land, partially process these and sell to the East London Fresh Produce Market.

- **Conduct a feasibility study and prepare a business plan of feasibility study report, for one of the identified opportunities:**

Business plan was developed and proposed that Shushu B must register an enterprise and operate as a Private Company (Pty Ltd.). Initially with an investor or funder holding a 60% majority shareholding. The remaining 40% will be held by community.

The document has been workshopped with the Shushu B community. The Agency will initiate a process of finding an investor for the project whose investment will be the creation of downstream and upstream opportunities for the community including small-scale farmers within the area.

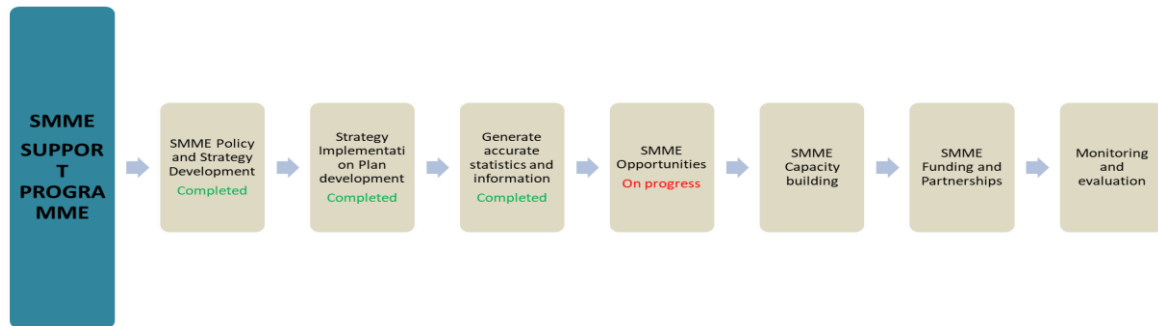
#### **5.6.4.2 SMME DEVELOPMENT STRATEGIES**

The Buffalo City Metropolitan Development Agency (BCMDA) has developed a Small Medium Micro Enterprise (SMME) Development Policy that will guide the Agency regarding interventions to support and develop SMMEs in rural and urban areas within the Buffalo Metropolitan Municipality jurisdiction. To implement the programme, SMME policy, SMME Support and Development Strategy has been developed that seek to guide the BCMDA on how to do business and implement the SMME support and development programme. Notable, the SMME policy and Strategy was adopted in 2022. The processes undertaken in implementing the SMME Support programme is outlined hereunder:



SMME support and development policy is to be implemented through the following stages:

**Figure 21: SMME support and development stages**



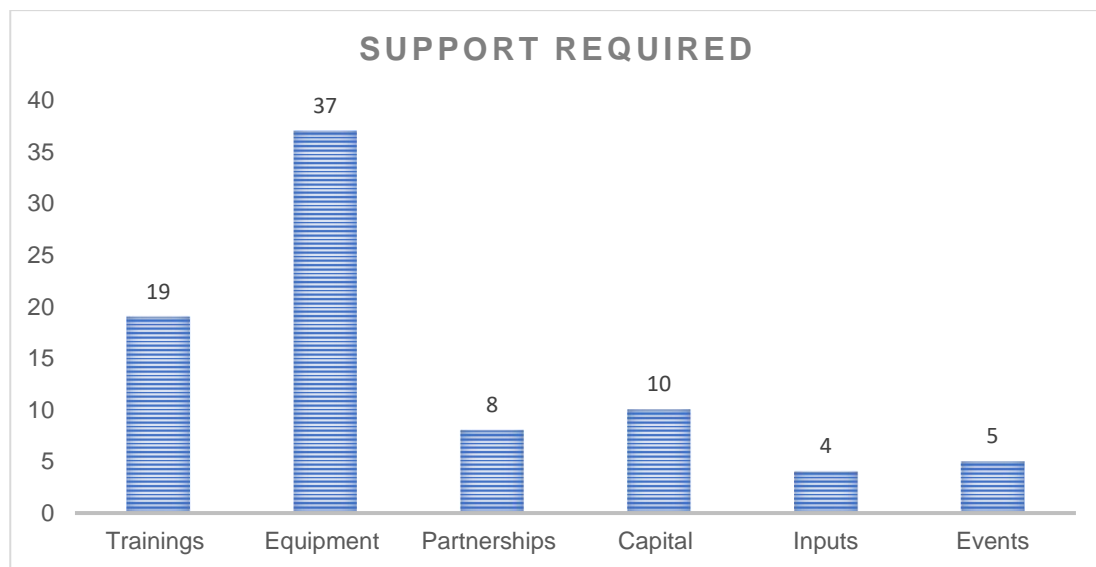
As per the above chart, the SMME support policy and strategy has been done and approved. For the current strategic period, the following are the SMME Support focus areas for the pilot:

- Film and Video Production
- Tourism Destination Development (Routes)
- Agro processing
- Events hosted in BCMM.
- Waste Management
- Public Art Design
- Construction

SMME database has been developed in order to generating accurate statistics and information for informed and desired SMME intervention areas. In this regard, an advert for a Call was advertised on the 05 April 2023 for SMME's that are operating within the BCMM area to submit SMME support proposals for BCMDA SMME support data base and closed on the 26 April 2023. SMME Database will enable the BCMDA to have the precise information of the required support for SMME development thereby providing efficient SMME support and development interventions. Currently, the developed database consist of a total 41 SMME's that are alligable for SMME Support and are recoded as follows:

No.	Category	Number of Proposals
1	Film and Video Production	7
2	Tourism Destination Development (Routes)	10
3	Agro processing	5
4	Events hosted in BCMM.	8
5	Waste Management	2
6	Public Art Design	3
7	Construction	6
	<b>TOTAL</b>	<b>41</b>

Overall SMME support requirements as per the database:



As per the chart above, over 90% of the SMME proposals require equipment with the least required inputs.

The database will be available to be shared with potential funding institutions and donors for consideration and support.

#### **5.6.4.3 INTEGRATED WASTE MANAGEMENT, GREENING AND BEAUTIFICATION PROGRAMME**

The waste management programme experienced delays in approval of the Business Plan by DEA/ DEFF that only occurred midway through the financial year, various other necessary procurement and work processes ensued. The programme is funded by the National Treasury as a Public Employment Programme under the Presidential Stimulus Fund. It kicked off in June 2022, three months later than the planned date due to a National Treasury notice advising organization's to halt procurement of goods and services. The notice prevented the procurement of protective gear and working tools.

Notwithstanding this the programme has witnessed significant positive momentum. It was decided that the project would be piloted at the coastal part of the metro and 8 sites were identified for implementation, these include amongst others, three sites in Mdantsane, a site in Duncan Village as well as Southernwood. This work has positioned the Agency well and led to a number of partnerships in fighting the challenges of waste management. A notable achievement to this end was the Agency's instrumental role in planning and supporting the launch of the Presidential Good Greed Deeds Programme.

This project forms part of the Good Green Deeds and city-wide waste management projects funded by the national Department of Environmental Affairs, and which was launched by the President of the Republic on 8 March 2019. The project provides labour intensive work opportunities to mostly youth and women Metro-wide and will run for at least 12 months. Participants work an 8-hour day for 5 days and were further capacitated with various training opportunities. It was agreed that initial the pilot phase of the project would focus on the Metro's coastal region, to this end the following sites have been receiving services from the BCMDA:

- a. Mdantsane : NU 2 rent office precinct
- b. Mdantsane: Corner of Lutheran
- c. Mdantsane: NU 5 rent office precinct
- d. Duncan Village: Post Office Precinct
- e. Amalinda: Haven Hills and Highway Garden
- f. Southernwood: Gateway road towards Baysville
- g. Quigney: ABSA Stadium precinct
- h. Nompumelelo: From the Beacon Bay Crossing Park to Merrifield traffic circle.
- i. Gonubie: Mzamomhle township

The programme offers the following services to these selected hot spots:

- j. street cleaning and removal of waste in illegal dump sites.
- k. collection of recyclable materials and cleaning of selected eco parks.

They also assist with specific activities and or events hosted by various partner organizations within the Metro.

At the end of the year, the project had concluded recruitment of the build of the workforce with 188 participants. A total of 178 of these participants were from the street cleaning, waste collection and separation components of the project. A total of 10 participants were from the textile component of the programme. Participants participated in an extensive induction programme which was conducted in partnership with the Department of Employment and Labour. The programme was declared to be compliant with the Department of Labour Regulations governing Public Employment Programmes.

This project seeks to test creative approaches to public employment and therefore exhibits innovation components such as **Conventional PEP which includes** Street Cleaning and open public open spaces, Waste collection, Waste separation, Waste Transportation, Coastal patrol and Greening. **Innovative PEP which includes** Public Art, Textiles and Prints and Public Awareness and Education

#### **Project participation as at the end of the financial year**

The **project** closed the financial year with the total number of 445 participants.

- a. 409 P.E.P participants (Waste pickers & grass cutters)
- b. 10 Textile and Prints participants,
- c. Coastal Guards
- d. 13 Public Art participants
- e. 1 Project Coordinator,
- f. 1 Programme Administrator,
- g. 6 Site Supervisors,
- h. 1 Admin Assistants,

***Table 23: Demographics of participants in PEP***

	MIDLAND	INLAND	COASTAL	TEXTILE & PRINTS	GRASS CUTTERS	SECURITY GUARDS	PUBLIC ART	OFFICE STAFF	TOTALS
No. Participants	78	111	210	10	10	4	13	9	445
Females	54	79	149	6	0	3	6	5	302
Males	24	32	61	4	10	1	7	4	143
Youth	45	70	170	8	1	1	9	4	308
Non-Youth	33	41	40	2	9	3	4	5	137

### Project Highlights:

- a. The project is located in key/hot spots in all regions of the BCMM (Coastal, inland and midland) to enhance cleanliness of the city through grass cutting, general waste picking and beatification. Since the implementation of the programme, the city has improved in terms of cleanliness.
- b. Existing partnership with BCMTV and WSU about Education and Awareness of the programme, first intake consisted of 10 WSU students who successfully conducted their experiential learning and 2 of them managed to graduate through the programme.
- c. Provision of 4 safety guards in the beach front to ensure safety of residents of the city and that of tourists.
- d. Textiles and print component is located in KWT currently placed at Ubuzwe Bethu Textiles, first intake consisted of 10 participants. During the year, textiles and print component was afforded an opportunity to travel to China, the supervisor and one of the participant were invited to the International Economic Cooperation Center of Fujian Province in China for two weeks for Textile technology training. Ubuzwe Bethu Textiles absorbed some of the participants while others opened their own enterprise which will be mentored by Ubuzwe Bethu Textiles.
- e. Public Art component - 15 local artists contracted for 2 months (June and July 2023) for mural development at Steve Biko and Nompumelelo Water Tower in Beacon Bay. The BCMDA is in partnership with BCMM, Border Kie Chmaber and DSRAC.

#### 5.6.4.4 CORPORATE SOCIAL INVESTMENT (CSI)

CSI forms and integral part of BCMDA's commitment to the development of communities and to enhance the company's reputation of being a responsible corporate and valued partner amongst the communities it serves. To give effect to this intent, the Agency commits itself to annually investing in projects that empower and assist vulnerable communities within the broader Buffalo City Metro.

The Covid-19 Pandemic created various challenges throughout the country and particularly the aspect of food availability and hunger. In this regard the focus area for the CSI was Non-profit organisations with a responsibility and response to food security, community food gardens, backyard gardens and soup kitchens.

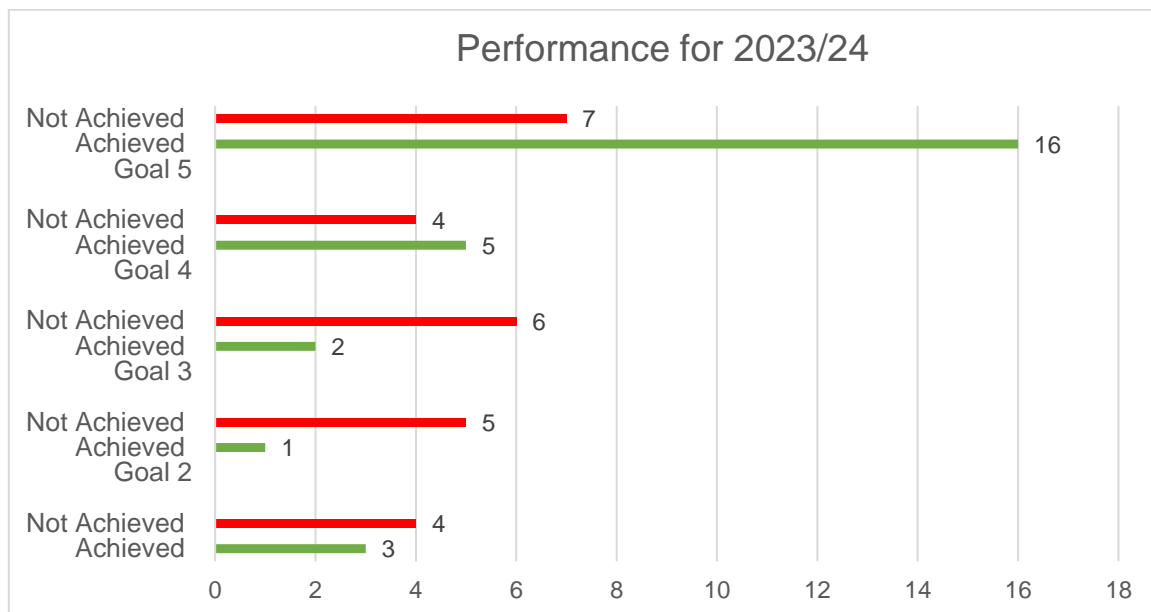
In December 2022, the BCMDA advertised a bid for NPO to submit proposals for funding in the reporting financial year, unfortunately all 12 proposals received were found to be none responsive as they could not meet the BCMDA CSI funding requirement. The bid was then readvertised in February 2023 and 7 proposals from the NPO's were not recommended for funding as they have not met BCMDA's funding criteria. The annual target for CSI was to fund three (3) NPO therefore, no NPO's were supported in the period under review.

The Unit undertook sector development initiatives and undertook the needs Assessment of Informal Traders who are Operating Douglas Street and Waste Output analysis Project.

#### **5.6.5 Outcome 5: A well governed and viable agency**

A key strategic objective is to ensure that there is a solid base from which to operate as an Agency of the Municipality. The aim of goal one is to ensure a that there a well governed meaning a stable and fully capitated agency to deliver on its mandate effectively as well as a viable agency intimating that sustainability in the medium to long term is critical.

This goal forms the support to the Agency's core business and other strategic objectives. This objective includes the following key strategic areas of work namely financial sustainability, governance maturity, stakeholder management and a high performing and motivated staff and creation of a sound research platform.



**Figure 22: Overall annual performance trend**

The above strategic goals are executed through goal 5 and by a total of 23 performance indicators that are carried out primarily by the Office of the Chief Financial Officer and Corporate Services as well as the Office of the Chief Executive Officer.

This goal is essential in ensuring that the Agency is able to maintain credible accounting principles while at the same time ensuring delivery of support services to the Agency's service delivery programmes. In addition, this the goal is focused on ensuring that adequate human resourcing of the Agency backed by an information technology programme that is able to provide practical and user adoptive services. The goal is also focused legal support matters and effective board support to ensure good corporate governance, this is in order to ensure the agency is strategically aligned to executing its mandate.

During this finical year the agency was able to achieve 16 (70%) of its performance targets with only 7 (30%) not being met. This positive achievement attests to our general observations as stated in the previous annual report that a significant amount of effort has been placed at ensuring that the financial, governance and support systems for the agency are in place.

To this end we are pleased to note that the Agency once again received an unqualified audit outcome even though with findings this year however scope does exist to reach clean audits and to perfect the planning aspects of the work of the Agency. This work is supported by the Agency's commitment at responding and addressing recommendations from the office of the independent internal auditor, Audit and risk committee and Auditor General through the various assurance provision platforms and audit process. The work creates a framework for reliance, business stability and growth and to ensure that money can be placed in the Agency to mitigate against the agency's dependency on the City as primary source of revenue. The running of clean agency governance, investment promotion building and managing a property portfolio are key components to ensure we move towards financial sustainability over the medium term.

The Agency has continued to seek better approaches at ensuring that it supports its core business, this has been achieved and sustained through an effective supply chain and financial management team. Acquired resources are managed and accounted for throughout the year by our asset management system that is administered through the Asset Register. This work has been the agency's ability to implement all the targeted elements of the Supply Chain Management Policy.

With respect managing the most valuable resource which are our staff, the performance management system and related processes such as training and development and mentoring and coaching were identified as key aspects for the implementation. Information technology systems are also critical to ensure a smooth and efficient Agency and work has continued to implement various systems and processes to improve the governance environment of the Agency. Both human resources and information technology are key contributors to effective Risk Management System and to ensure readiness for any possible risks and challenges to the agency's business continuity. The planned organisational design and development project was delayed due to awaiting the finalization of the review of organisational structure led by the placement of the key strategic personnel in the Agency.



## COMPONENT F: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 6. Human Resources and Organisational Development

BCMDA aims to be the employer of choice in its field. This is supported by the BCMDA's overall objective, as out in its Talent Acquisition & On-Boarding Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment.

BCMDA periodically reviews its Human Resource Policies to ensure that it remains relevant and practical for the changing needs of current and potential employees.

#### 6.1 Human resources profile

*Table 24: BCMDA Staff Profile*

BCMDA staff turnover	Actual
Permanent employees at the start of the period – 01 July 2022	14
Contract positions at the start of the period-01 July 2022	12
Interns- 1 July 2022	2
Add: Recruitment for 22/23	10
Less (for 21/22)	
- Resignations	1
- Deaths	0
- Dismissals	0
- Retirements	0
Total permanent employees as of 31 July 2022	14
Contract Employees as of 31 July 2022	12
Total employees at the end of the period as of 31 July 2022	26
<b>TOTAL STAFF ESTABLISHMENT</b>	<b>56</b>
<b>Less Actual positions filled</b>	<b>26</b>
<b>Vacancy rate</b>	<b>53%</b>

#### 6.2 Learning & Development

The learnership programs provide an excellent opportunity for graduates to acquire experience in their different fields of expertise as well as other operational areas of the BCMDA. Four interns were appointed in various divisions for the 2022/23 financial year.

**Table 25: Learnerships**

DIVISION	DATE OF ENGAGEMENT
<b>Corporate Services</b> Human Resources Intern	01 August 2022

### 6.3 Recruitment for 2022/23

A key strategy of BCMDA is to ensure that there is adequate human resources capacity to deliver on the mandate. With regards to vacancies, for the post of:

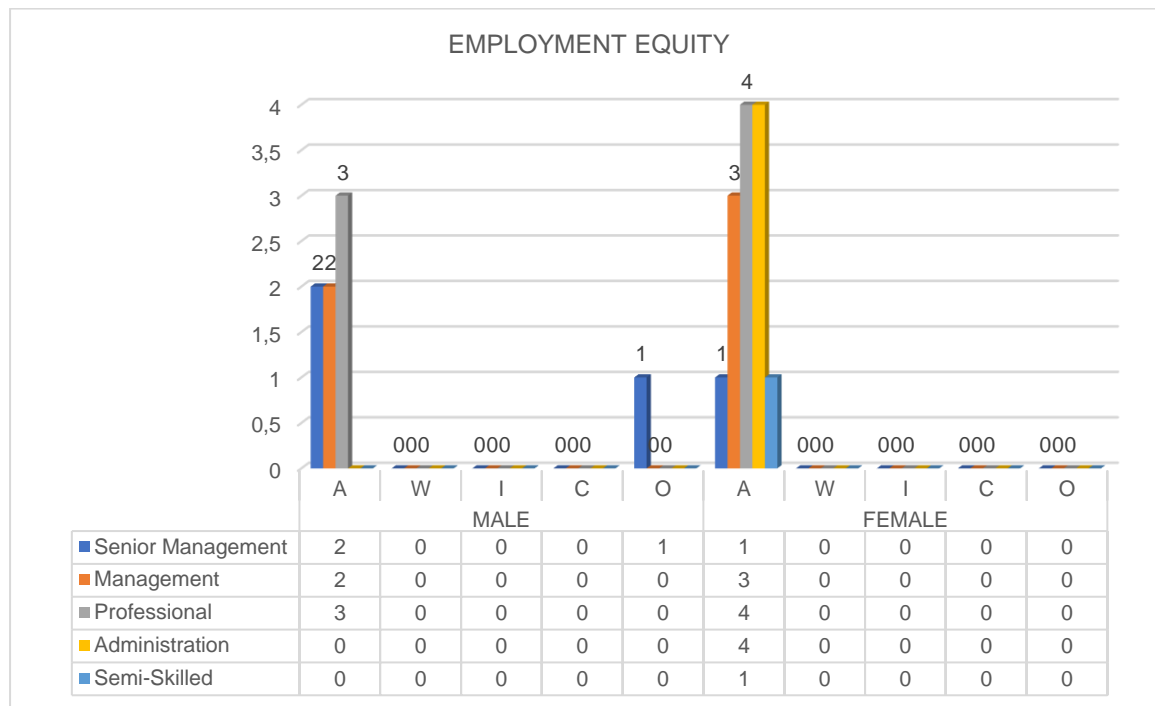
**Table 26: Recruitment for 2021/22**

No.	Position	Unit	Engagement date
1.	Executive Manager: Property Planning Development & Management	Property Planning & Development Management	04/07/2022
2.	Chief Investment Officer	CEO's office	11/07/2022
3.	HR Intern	Corporate Services	01/08/2022
4.	Executive Manager: Strategy & Research	CEO's office	01/10/2022
5.	Project Manager: Systems Administration	Corporate Services	01/11/2022
6.	Office Cleaners & Office Cleaning Supervisor	Corporate Services	28/11/2022
7.	Receptionist & Corporate Services Administrator	Corporate Services	16/01/2023
8.	Project Manager: Socio-Economic Development	Property Planning	16/01/2023
9.	Manager: Stakeholder Engagement	CEO's office	01/06/2023
10.	Administrative Assistant: Board Secretariat	CEO's office	01/06/2023

### 6.4 Employment Equity

BCMDA is committed to the principles of equity, non-discrimination, and diversity enshrined in the Constitution and the Employment Equity Act (1998). It aims to employ a diverse staff complement and support staff development and training. Equal employment opportunities are offered to all employees.

The BCMDA's staff complement as of 30 June 2023 as per the employment equity principles in terms of **gender** is reflected as below:



**Figure 23: Employment Equity**

## 6.5 Performance Management

The BCMDA views performance management as a positive management strategy rather than a punitive process, which ensures that employees feel comfortable being part of the process. The agency uses a scorecard to evaluate the performance of managers. Individual performance indicators are linked to the BCMDA's strategic objectives. Objectives that reinforce the culture of governance and financial management among managers are also included.

The Agency rolled out performance management agreements/ workplans to all employees during 2022/23 FY. Personal development plans (PDP's) are included in the performance review process as part of the coaching and mentorship process. In areas where there are gaps identified in terms of performance, the responsible officials are earmarked to receive training to improve their skills so that they can perform better in their functions.

## 6.6 Skills Development and Capacitation

The BCMDA is committed to staff training and development, ensuring professional delivery and a competitive edge. It aims to provide an integrated learning experience to its employees that will strengthen their commitment to the Agency's values, enhance leadership capability, and improve the BCMDA's capacity to meet current and future business requirements. The BCMDA's Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training.
- Best practice learning design
- Timely and appropriate learning delivery.
- Assessment of the impact of learning interventions on overall company performance.

The development provided to the staff of BCMDA for the financial year is as follows:

**Table 27: Training/ courses and workshops**

Training/ course/ workshop		Number of employees	Dates of training
1.	ICT Training/Conference	1	10 - 11 August 2022
2.	ICT security +	1	29 Aug - 02 Sept 2022
3.	Cigfaro Annual Conference	2	11 -13 October 2022
4.	Public Sector Erm & Aligning Risk	1	03-04 November 2022
5.	sage 300 Payroll	2	15-18 November 2022
6.	Facilitation Skills	1	22-23 February 2023
7.	Irregular, Unauthorized & Wasteful Expenditure	1	23-24 February 2023
8.	Revised Preferential Procurement	3	27-28 February 2023
9.	Budget & Reporting	3	06-08 March 2023
10.	GRAP	1	06-09 March 2023
11.	Management and Leadership	1	15-17 March 2023
12.	Risk appetite	1	16-17 March 2023
13.	Bid Committee	15	22-23 March 2023
14.	Minutes Taking Training	1	03-04 April 2023
15.	ISO 22301	1	03-04 April 2023
16.	Advanced Report Writing	1	11-2 April 2023

Training/ course/ workshop		Number of employees	Dates of training
17.	Contract Law for non-lawyers	4	11-2 April 2023
18.	Risk Management 101	12	05-07 June 2023

## 6.7 Employee Benefits

The BCMDA participates in two retirement benefit schemes: Old Mutual Superfund Scheme and the Wealth Port retirement scheme. Contributions of which are deducted through the payroll and paid directly into both schemes.

## 6.8 HR/Payroll System Procurement

In terms of MSCOA compliance, the Agency had to procure a system that is aligned with mSCOA and the Agency's Financial system. This led to the Agency procuring the Sage 300 Payroll system that integrates with the Agency's Financial Modules.

The employee costs for the previous years as a % of operational expenditure are depicted below and have remained within range however with the addition of projects such as the Public Participation Programme these costs have moved the percentages out of range of the acceptable norm as directed by National Treasury of between of 25% to 40%.

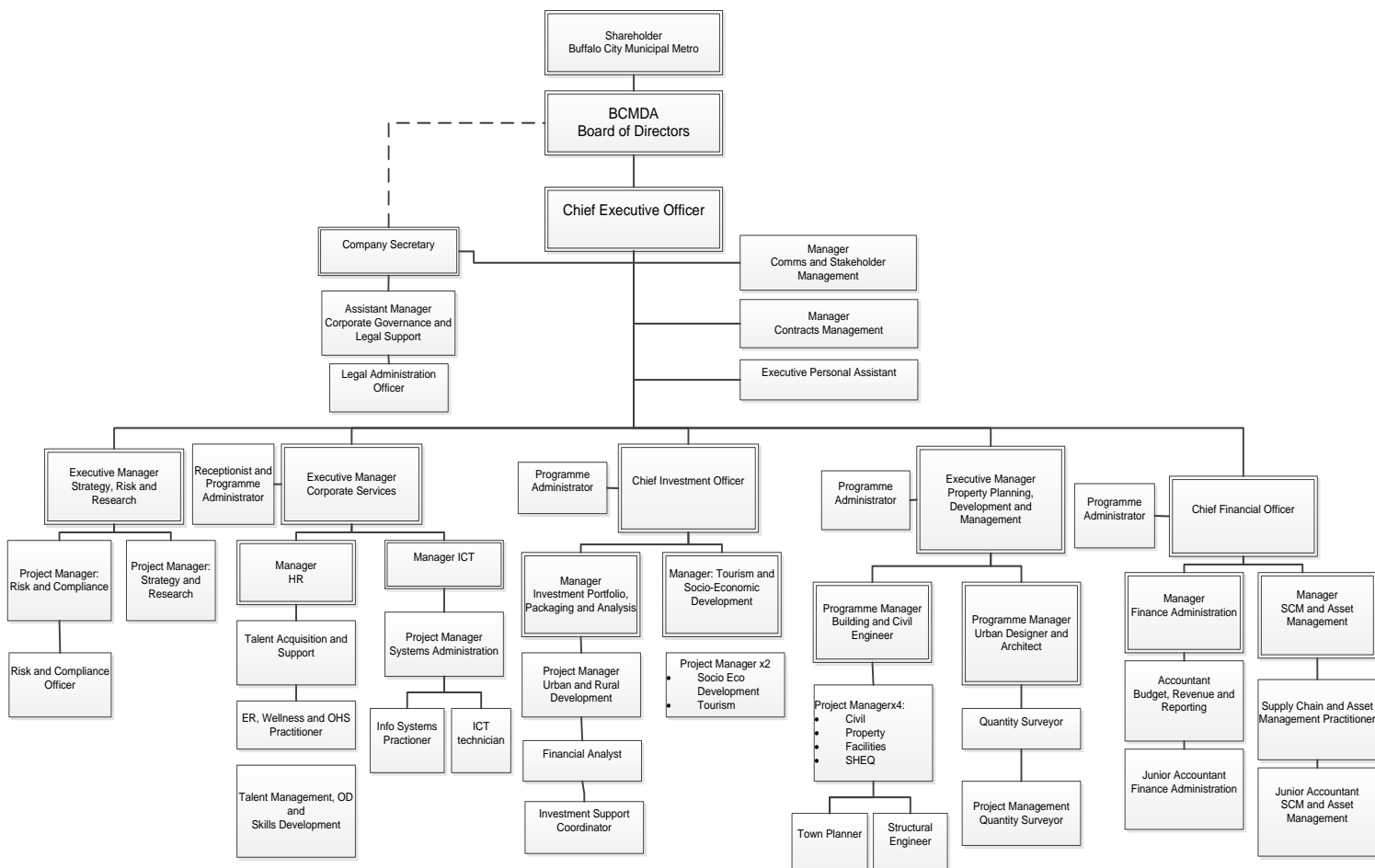
**Table 28: Cost of employees**

Financial Year	Total Operating Expenditure (OPEX) R million	Cost of Employees (COE) <sup>10</sup> R million	COE Increase %	COE as a % of OPEX
2017/2018	24 355 370	15 512 170	Inception	35
2018/2019	31 360 996	17 586 005	73	44
2019/2020	53 915 846	24 249 348	38	40
2020/2021	51 094 594	26 475 174	9	48
2021/2022	53 960 799	23 448 816	-11	57

<sup>10</sup> Included in the COE is the cost for Project related employee costs.

## 6.9 Organizational Structure

**Figure 24: BCMDA organisational structure**



## COMPONENT G: FINANCIAL PERFORMANCE

### 7. Statement of financial performance

The Agency had an approved 2<sup>nd</sup> adjusted budget of R138.2 million, which includes an operational budget of R108.6 million and capital expenditure budget of R29.6 million. From the R108.6 million operational budget, R50.8 million was allocated as an operational grant, R33.1 million as a Neighbourhood Development Grant, R18.5 million as a Public Employment Programme from its parent municipality, Buffalo City Metropolitan Municipality, herein referred to as BCMM and the remainder being other income as detailed below. The performance of the Agency as reflected within this report represents the actual performance against the adjusted budget for the twelve months ended 30 June 2023, with regard to both operational and capital expenditure.

The table below reflects the summarised financial performance for the period under review. In this period the Agency reported an operating deficit of R16 990 454 on the planned budget.

### Financial Performance as at 30 June 2023

*Table 29: Statement of Financial Performance*

Description	Approved 1 <sup>st</sup> adjusted budget (2022/23)	Approved 2 <sup>nd</sup> adjusted budget (2022/23)	Year to date actual	Variance	% Variance
<b>Revenue</b>	<b>139 389 763</b>	<b>138 271 854</b>	<b>81 071 441</b>	<b>57 200 414</b>	<b>41%</b>
BCMM Grant - Operational	50 891 941	50 891 941	44 253 862	6 638 079	13%
BCMM Grant – Capital Projects	29 625 289	29 625 289	21 226 622	8 398 667	28%
Neighbourhood Development Grant	33 136 668	33 136 668	329 173	32 807 495	99%
Public Employment Programme	18 551 066	18 551 066	12 042 669	6 508 397	35%
LGSETA Grant	57 152	47 080	47 080	-	0%
Project Management Fees	2 734 553	2 008 752	2 008 752	-	0%
Development Levy	3 812 444	2 869 365	-	2 869 365	100%
Interest Received	580 650	1 117 009	1 117 008	1	0%
Other income	-	24 685	46 275	-21 590	-87%
<b>Expenditure</b>	<b>139 389 763</b>	<b>138 271 854</b>	<b>98 061 895</b>	<b>40 209 959</b>	<b>29%</b>
General Expenditure	23 889 891	20 819 042	11 045 985	9 773 057	47%

Description	Approved 1 <sup>st</sup> adjusted budget (2022/23)	Approved 2 <sup>nd</sup> adjusted budget (2022/23)	Year to date actual	Variance	% Variance
Employee Related Costs	44 921 928	47 519 274	43 851 453	3 667 821	8%
BCMM Recreational projects expenditure	29 625 289	29 625 289	21 226 622	8 398 667	28%
Neighborhood Development Programme	31 808 068	31 808 068	6 080 735	25 727 333	81%
Board Fees	2 473 119	2 470 523	2 470 523	-	0%
Depreciation	810 521	829 459	855 815	-26 355	-3%
Finance Charges	2 228	180	183	-3	-2%
Public Employment Programme	4 977 380	4 746 714	12 042 669	-7 295 955	-154%
Capital Expenditure	881 339	453 305	487 910	-34 605	-8%
<b>Surplus/Deficit</b>	<b>R0</b>	<b>R0</b>	<b>-R16 990 454</b>	<b>R16 990 455</b>	

## Revenue

From the revenue sources depicted in the table above, there is an overall variance of 42% for the period ended 30 June 2023. This is below expectation and the reasons for this are outlined below:

- There is 13% variance on the BCMM operational grant due to output VAT accounted for on the operational grant by virtue of being a profit-making organisation.
- There is 28% variance on the BCMM recreational projects as the expenditure was incurred in the subsequent year.
- There is 99% variance on the Neighbourhood Development Grant which is as a result of the Agency having to reverse all the revenue during the audit of the 2022/23 financial year. The revenue that was incurred in the financial year then could not be recognised as a grant resulting in the reversal as the City advised that it ceased to be a grant.
- The Public Employment Programme Grant has a variance of 35% as the programme was not fully implemented during the 2022/23 financial year.
- Own revenue is mainly made up of interest received from the bank, project management fees and the development facilitation fee. No fees were realised on the development facilitation as the development agreements of the land parcels were not concluded by year- end as anticipated.
- There is further a difference of R21.2 million between the revenue presented on the management accounts above and the annual financial statements. The difference is as



a result of the application of the standard on principal agent relationships. It's depicted above, for the reader to see the expenditure and related revenue on recreational projects against the allocated budget.

### **Expenditure**

There is an overall under expenditure of 29% emanating mainly from the following:

- a. The Neighbourhood Development Grant and Public Employment Programme have variance of 81% and -142% respectively, reasons are the same as above.
- b. There is 45% on capital operating expenditure, which is because of delays experienced with delivery of goods procured from service providers for example computer equipment.
- c. There was 54% variance on general expenditure line item resulting from delayed expenditure on items carrying huge budget within general expenses.
- d. Interest incurred was far less than anticipated.

*To be signed after comments*

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Chief Financial Officer

Mrs B Lubelwana

## 7.1 Supply chain management

### 7.1.1 Bid Committees

In line with the above-mentioned prescripts the Accounting Officer appointed bid committees to serve during the period 01 July 2021 to 30 June 2022. These committees are constituted as follows:

### 7.1.2 Bid Committees

In line with the above-mentioned prescripts the Accounting Officer appointed bid committees to serve during the period 01 July 2022 to 30 June 2023. These committees are constituted as follows:

*Table 30: Bid Committee members*

Bid Specification Committee (BSC)	Bid Evaluation Committee (BEC)	Bid Adjudication Committee (BAC)
<b>Dr. Govender: Executive Manager: Strategy and Research – Office of the CEO – Chairperson: from 23 November 2022 to 02 March 2023</b>	<b>Mr. T. Mudavanhu: Programme Manager: Building and Civil Engineering - PPDM – Chairperson: from 01 July 2022 – 08 December 2022</b>	<b>Ms. V. Ntsodo-Boyce: Chief Financial Officer – Chairperson.: from 01 July 2022 – 30 April 2023</b>
<b>Mrs. A. Ntshokoma: Programme Manager: Development Facilitation – PPDM – Chairperson: from 01 July 2022 to 22 November 2022</b>	<b>Mr. G. Yawathe: Project Manager: Infrastructure Development – PPDM: from 01 July 2022 – 21 November 2022</b>	<b>Mr. X. Jikela: Executive Manager: Corporate Services -: from 01 July 2022 – 08 December 2022.</b>
<b>Mr. A. Manciya: Manager: Supply Chain and Asset Management – Office of the CFO</b>	<b>Ms. Z. Madabane: Supply Chain and Asset Practitioner – Office of the CFO.</b>	<b>Ms. N. Mpongoshe: Manager: Legal Services and Company Secretary – Office of the CEO.: from 01 July 2022 – 05 December 2022</b>
<b>Ms. Z. Ngxatha: Risk and Compliance Officer - Office of the CEO.</b>	<b>Mr. T. Sindane: Project Manager: Tourism Development – IPTD</b>	<b>Mr. A. Manciya: Manager: Supply Chain and Asset Management – Office of the CFO.</b>
<b>Mr. O. Makalima: Manager: Marketing and Communications – IPTD - Chairperson: from 02 March 2023</b>	<b>Mrs. A. Ntshokoma: Programme Manager: Development Facilitation – PPDM –: from 23 November 2022 Chairperson</b>	<b>Ms. T. Tongo: Chief Investment Officer Office of the CEO.</b>
<b>Mr. T. Mudavanhu: Programme Manager: Building and Civil</b>	<b>Mr. N. Sikoti: Project Manager: Systems Administration – Corporate Services: from 23 November 2022</b>	<b>Ms. T. Hangana: Executive Manager: Property, Planning, Development and Management</b>

Bid Specification Committee (BSC)	Bid Evaluation Committee (BEC)	Bid Adjudication Committee (BAC)
Engineering – PPDM: from 01 July 2022 – 08 December 2022		
Mr. X. Hlathi: Project Manager: Socio-Economic Development – IPTD -: from 02 March 2023		Dr. K. Govender: Executive Manager: Strategy and Research – Office of the CEO – Chairperson: <b>from 13 December 2022</b>
Miss A. Vabuhlungu: Junior Accountant: SCM and Asset Management – Office of the CFO. Secretariat		Ms F. Goniwe: Acting Executive Manager: Corporate Services – <b>From 08 December 2022.</b>
		Mr. S. Peter: Interim Chief Financial Officer – <b>Chairperson: from 15 May 2023</b>
		Miss A. Vabuhlungu: Junior Accountant: SCM and Asset Management – Office of the CFO. Secretariat

### 7.1.3 The roles of the Committees

#### 7.1.3.1 Bid Specification Committee

- Consider all bids above the threshold value of R200 000, bids whose project duration exceeds 12 months as well as other bids as and when required.
- Ensure that Terms of Reference / Specification are clearly defined for ease of reference to bidders and that they are compiled in an unbiased manner as defined in Section 112(1) of chapter 11 of the MFMA No. 56 of 2003.

**Table 31: Bid Specification Committee meetings**

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMENT
BSC	13 July 2022	2	80%	The attendance below 100% was due to leave and other urgent commitments.
	03 August 2022	1	100%	
	17 August 2022	3	80%	
	24 August 2022	2	80%	
	25 August 2022	5	80%	
	26 August 2022	1	80%	
	01 September 2022	3	80%	

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMENT
	28 September 2022	2	80%	
	07 October 2022	2	100%	
	19 October 2022	4	100%	
	27 October 2022	1	100%	
	17 November 2022	2	80%	
	30 January 2023	6	100%	
	08 February 2023	1	100%	
	15 February 2023	1	75%	
	01 March 2023	5	100%	
	29 March 2023	1	100%	
	31 March 2023	1	100%	
	12 April 2023	1	75%	
	19 April 2023	1	75%	
	15 May 2023	1	100%	
	29 May 2023.	1	100%	
	14 June 2023	3	100%	
	15 June 2023	3	100%	
	20 June 2023	1	100%	

### 7.1.3.2 Bid Evaluation Committee

- a. Evaluate all procurement above the threshold value of R30 000 and bids whose project duration exceeds 12 months in accordance with specifications of that particular bid and the point system set out in BCMDA's Supply Chain Management Policy and the Preferential Procurement Policy Framework Act;
- b. Ensure all information contained in each bidding document is taken into account during evaluation of bids and evaluate each bidder's ability to execute the contract;
- c. Ensure that the recommended bidder complies with the following:
  - the bidder is registered on the Central Supplier Database (CSD) and is not listed as a restricted supplier on the CSD.

- municipal rates and taxes and municipal service charges of the recommended bidder are not in arrears;
  - that all tax matters are in order;
  - the bidder has provided a declaration that its directors/shareholders/members are not in the service of the state;
- d. Submit to the Bid Adjudication Committee a report and recommendations regarding the awarding of the bid;

**Table 32: Bid Evaluation Committee meetings**

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMENT
BEC	07 July 2022	2	75%	The attendance of less than 100% was due to leave. Due to the nature of its work, the BEC convenes more frequently compared to other Bid Committees.
	08 July 2022	1	75%	
	11 July 2022	1	100%	
	14 July 2022	2	100%	
	27 July 2022	2	100%	
	28 July 2022	2	100%	
	02 August 2022	1	100%	
	05 August 2022	1	100%	
	10 August 2022	1	100%	
	12 August 2022	2	100%	
	15 August 2022	2	100%	
	17 August 2022	1	100%	
	18 August 2022	1	100%	
	14 September 2022	2	100%	
	15 September 2022	1	100%	
	22 September 2022	3	100%	
	28 September 2022	2	100%	
	24 October 2022	1	100%	
27 October 2022	1	100%		
01 November 2022	3	75%		

<b>COMMITTEE</b>	<b>SITTING DATES</b>	<b>NUMBER OF TENDERS CONSIDERED</b>	<b>MEMBER ATTENDANCE</b>	<b>COMMENT</b>
	08 November 2022	2	100%	
	09 November 2022	2	100%	
	15 November 2022	2	75%	
	30 November 2022	2	80%	
	05 December 2022	1	80%	
	08 December 2022	1	80%	
	12 December 2022	3	80%	
	13 December 2022	1	60%	
	18 January 2023	3	100%	
	07 February 2023	1	100%	
	01 March 2023	4	100%	
	02 March 2023	1	100%	
	07 March 2023	1	100%	
	13 March 2023	3	100%	
	14 March 2023	1	100%	
	15 March 2023	1	75%	
	16 March 2023	1	75%	
	29 March 2023	3	100%	
	19 April 2023	1	100%	
	21 April 2023	1	100%	
	16 May 2023	3	75%	
	23 May 2023	3	75%	
	25 May 2023	3	100%	
	12 June 2023	4	100%	
	13 June 2023	1	100%	
	20 June 2023	2	100%	
	22 June 2023	5	100%	
	27 June 2023	1	100%	

### 7.1.3.3 Bid Adjudication Committee

- a. Consider all the reports of the BEC and contract amendments.
- b. Recommends to the Accounting Officer to make the final award or make the relevant recommendation to the Accounting Officer on how to proceed with the procurement.

**Table 33: Bid adjudication Committee meetings**

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMENT
<b>BAC</b>	13 July 2022	6	100%	The 83% attendance was due to other Agency commitments and leave.
	25 July 2022	2	83.33%	
	04 August 2022	1	83.33%	
	12 August 2022	7	83.33%	
	23 August 2022	5	100%	
	30 September 2022	3	100%	
	03 October 2022	2	83%	
	06 October 2022	2	100%	
	10 October 2022	2	100%	
	18 October 2022	1	100%	
	04 November 2022	5	83%	
	16 November 2022	3	83%	
	13 December 2022	5	100%	
	20 December 2022	4	100%	
	20 January 2023	3	100%	
	10 February 2023	2	100%	
	09 March 2023	4	100%	
	30 March 2023	7	100%	
	24 April 2023	5	100%	
	24 May 2023	1	83%	
02 June 2023	1	83%		
22 June 2023	1	100%		

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMENT
	28 June 2023	2	83%	

## 7.2 Expenditure on B-BBEE

The following tables provide a complete picture of expenditure per B-BBEE category as at 30 June 2022. For the year under review the Agency had set a target of 75% expenditure on B-BBEE level one and the actual achievement was 95.86%.

*Table 34: Expenditure on B-BBEE*

SUMMARY OF BBEE EXPENDITURE		
BBEE CATEGORY	AMOUNT	PERCENTAGE
Level One	R73 693 938.04	95.86%
Level Two	R2 255 794.80	2.93%
Level Three	R187 151.64	0.24%
Level Four	R692 263.23	0.90%
Level Five	R0.00	0.00%
Level Six	R0.00	0.00%
Level Seven	R0.00	0.00%
Level Eight	R0.00	0.00%
Non-Contributor	R45 474.90	0.06%
<b>TOTAL</b>	<b>R76 874 622.61</b>	<b>100.00%</b>

## 7.3 Capital Expenditure

*Table 35: Capital Expenditure*

CAPITAL PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE (ADJ - ACT)	VARIANCE (OB-ACT)	VARIANCE (ADJ - ACT) %	VARIANCE (OB-ACT) %
COMPUTER SOFTWARE	800 000	221 944	221 944	0	578 056	0%	72%
OFFICE FURN & EQUIPMENT	160 000	21 623	21 623	0	138 377	0%	86%



<b>CAPITAL PROJECT</b>	<b>ORIGINAL BUDGET</b>	<b>ADJUST-MENT BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE (ADJ - ACT)</b>	<b>VARIANCE (OB-ACT)</b>	<b>VARIANCE (ADJ - ACT) %</b>	<b>VARIANCE (OB-ACT) %</b>
COMPUTER EQUIP-MENT	180 000	209 738	209 738	0	-29 738	0%	-17%
<b>TOTAL CAPITAL PRO-GRAMME</b>	<b>1 140 000</b>	<b>453 305</b>	<b>453 305</b>	<b>0</b>	<b>686 695</b>	<b>0%</b>	<b>60%</b>

## COMPONENT H: AUDITOR GENERAL AUDIT FINDINGS

### Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Buffalo City Metropolitan Development Agency

Report on the audit of the financial statements
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#### 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 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 2023 and its financial performance and cash flows for the year then ended in accordance with the South African 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 responsibilities of the auditor-general 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.

#### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 33 to the financial statements, which indicates that an accumulated deficit of R1,5 million was realised during the year ended 30 June 2023 and, as of that date the current liabilities exceeded its total assets by R1,5 million. As stated in note 33, these events or conditions, along with other matters as set forth in the note, indicate that a material

uncertainty exists that may cast significant doubt on the municipal entity's ability to continue as a going concern.

### **Emphasis of matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### *Irregular expenditure*

9. As disclosed in note 36 of the financial statements, irregular expenditure of R26,3 million was incurred, as a result of non-compliance with the Supply Chain Management Regulations.

### **Other matters**

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### *Unaudited disclosure notes*

11. 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.

### **Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer 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.

### **Responsibilities of the auditor-general for the audit of the financial statements**

14. 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.

15. 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 annual performance report**

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following material performance indicators related to outcome 2: attractive home for investments presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of investment deals concluded
- Value of investment deals concluded
- Number of land parcels identified for investment opportunities
- Number of investors identified on property developed (Water World Racetrack)
- Number of land parcels allocated to investors (Sleeper Site)
- Number of notarial lease agreements signed (Victoria Grounds Stadium)

18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and measures taken to improve performance.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
21. The material findings on the reported performance information for the selected material indicators are as follows:
22. There was no direct link between the indicator measuring the number of land parcels identified for investment opportunities and the planned target of one report on land parcels developed.

### **Other matters**

23. I draw attention to the matters below.

#### *Achievement of planned targets*

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

#### *Material misstatements*

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for attractive home for global investment. Management did not correct all of the misstatements and I reported material findings in this regard.

### **Report on compliance with legislation**

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for municipal entity's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### *Expenditure management*

30. An adequate management, accounting and information system was not in place which accounted for creditors, as requested by section 99(2)(c) of the MFMA.

### *Annual financial statements, performance, and annual report*

31. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current liabilities identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### **Other information in the annual report**

32. The accounting officer is responsible for the other 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. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in outcome presented in the annual performance report that have been specifically reported on in this auditor's report.

33. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in outcome presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

35. I did not receive the other information prior to the date of this auditor's 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**

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

37. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report. I did not identify any significant deficiencies in internal control.
38. Management did not implement adequate internal controls to ensure the preparation of accurate and complete financial statements and adequately planned performance information as material misstatements were identified that resulted in the material non-compliance with legislation and material findings on performance information.

East London

29 November 2023



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### **Auditor-general's responsibility for the audit**

#### *Professional judgement and professional scepticism*

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 material performance indicator and on the municipal entity's compliance with selected requirements in key legislation.

### **Financial statements**

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 officer.
- conclude on the appropriateness of the 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 municipal entity 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**

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.

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.

## Annexure to the auditor's report

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Sections 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), Sections 87(8), 88(1)(a), 90(1), 90(2)(a), 90(2)(b), 95(d), Sections 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), Sections 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), Sections 112(1)(j), 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), Sections 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), Section 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(2), 3(3), 5(4), 6, 6(8)(b), 7, 10(1), 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), Regulations 17(1)(a), 17(1)(b), 17(1)(c), 19(a), Regulations 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), Regulations 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Section 93B(a), 93C(a)(iv)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), Regulations 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), Regulations 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Act 71 of 2008	Sections 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), Sections 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)

## COMPONENT I: STATEMENT BY GOVERNANCE COMMITTEES

### 7.1 STATEMENT BY THE AUDIT COMMITTEE

With regards to the Audit Committee (AC), the Agency shares or utilises the Audit Committee of the parent municipality. The Audit, Risk Committee consists of the members listed below. According to the terms of reference, the Committee must meet at least four times a year. During the year under review, eight meetings were held. The committee membership structure changed on 26 March 2021 with the shareholder's appointment of the new Board. The AC members are as follows:

**Table 36: Risk Committee members and meetings**

Date of meeting	Mr Singa Ngqwala	Mr Suren Maharaj	Thobeka Maqwati-Naku
28 July 2022	Yes	Yes	Yes
29 August 2022	Yes	Yes	Yes
14 October 2022	Yes	Yes	Yes
09 December 2022	Yes	Yes	Yes
14 December 2022	Yes	Yes	Yes
13 February 2023	Yes	Yes	Yes
02 May 2023	Yes	Yes	Yes
29 May 2022	Apology	Yes	Yes

### Roles and Responsibilities of the Audit Committee

- Reviewing BCMDA's internal controls and published financial reports for statutory compliance and against standards of best practice and recommending appropriate disclosure to the Board.
- The external and internal auditors attend these meetings, and have direct access to the Chairperson of the Committee and Chairperson of the Board;
- Reviewing reports from management and the internal and external auditors, to provide reasonable assurance that control procedures are in place and working as intended;
- Considering the appointment of both the internal and external auditors, the audit fee and any questions of resignation or dismissal of auditors;
- Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.

### Risk Management

Risk management is an integral part of good governance. It is a process whereby:

- a. There is a shared awareness and understanding within the organisation of the nature and extent of the risks it faces (both positive and negative risks); the categories and extent of those risks regarded as acceptable and the likelihood and potential impacts of the risk materialising.
- b. There is a regular and ongoing identification, evaluation, management, monitoring, recording, and reporting of risks with a view of improving the Agency's ability to manage and reduce the incidence or impact on the organisation of risks that do materialise. The Risk register is updated monthly.
- c. An appropriate assessment is made of the costs of implementation and operating a particular control relative to the benefit obtained in managing the related risk.
- d. The BCMDA's Board monitors risk through the Audit Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented, and monitored. The BCMDA Board is responsible for identifying, assessing, and monitoring the risks presented by the Audit Committee.
- e. The BCMDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously on an on-going basis at departmental level. The risk register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.
- f. The BCMDA submits its risk management reports to the Audit Committee. The committee assesses all risks affecting the BCMDA and makes recommendations to the Chief Executive Officer and the board on the general effectiveness of risk management processes in the BCMDA.
- g. Risk identification and assessment is an on-going process. The BCMDA conducted an annual strategic and operational risk assessment workshop. This process is supported by an on-going risk management process at departmental level; and all employees are required to take ownership of risks that fall within their respective areas of responsibilities.
- h. The Board and the Audit Committee will continue to monitor the implementation of the documents listed above to ensure that the organisation is proactive in addressing risks and strengthening its internal control environment. The following risks remain as BCMDA strategic risks:
  1. Inability to implement the Tourism Infrastructure Master Plan (TIM)

2. Failure to create an enabling environment to foster economic development and attract new investment to the city.
3. Withdrawal of investors on Mega Projects
4. Inability to promote investment.
5. Delays in project implementation
6. Poor quality assurance of newly constructed property
7. Identification of land parcels for future development
8. Inability to capacitate local SMME's.
9. Lack of financial sustainability
10. Inability to deliver on the mandate.
11. Cyber security attacks
12. Inability to act in the event of Disputes & Litigation
13. Non-Compliance with the POPI Act

The strategic and operational risks and mitigation measures have been reported to the Committee and work has been ongoing in attempts to put in place controls to ensure the annual performance plan is implemented.

### **Fraud awareness**

The Agency concentrates its efforts on preventing fraud, rather than responding to fraud. To achieve this objective a fraud Prevention Policy has been developed and the Fraud Hotline for Whistle Blowers is in place and currently shared with parent municipality, fraud risk assessment is conducted to ensure that all fraud risk are identified and mitigated. Internal audit reviews are conducted to ensure effectiveness on preventative controls, the emphasis is on proactive preventative techniques. Over the financial year one report was received by the Agency and an investigation is underway to determine the veracity and credibility of the allegation.

### **Risk management and information technology**

The ARC assessed the impact of risk management and information technology on its functions by:

- a. Reviewing the policies on risk assessment and risk management, including IT RISKS as these pertain to financial reporting and the going concern assessment, and found these to be adequate.
- b. Considering and reviewing the findings and recommendations of the Internal Audit.

## **Evaluation of Annual Financial Statements and Performance Information**

The Audit and Risk Committee has:

- a. Reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor-General South Africa.
- b. Reviewed the information on pre-determined objectives to be included in the annual report and noted the report by the Auditor-General of South Africa.
- c. Reviewed the quality and timeliness of the financial information availed to the Audit and Risk Committee for the oversight purposes during the year. The Corporation's performance in terms of finances and pre-determined objectives was reported at each Audit and Risk Committee meeting.
- d. The Audit, Risk Committee believes the content and quality of quarterly reports prepared and issued by the Corporation during the year under review have been of a good standard and notes the continued improvement from the previous year.

### **Internal audit**

The Audit, Risk Committee reviewed the activities of the external internal audit function and has concluded:

- a. The function is effective, and there were no unjustified restrictions or limitations.
- b. The internal audit reports were reviewed at quarterly meetings, including its annual work programme, coordination with the external auditors, the reports of significant investigations and management's responses to issues raised in these reports.
- c. In coordinating the assurance activities, the Audit, Risk Committee reviewed the plans and work outputs of the external and internal auditors concluded. It concluded that these activities adequately addressed the business's significant financial risks.

The external auditor has direct access to the Audit, Risk Committee chairperson and other members. The Audit, Risk Committee is also responsible for the assessment of the performance of the head of Internal Audit, and the internal audit function.

**Auditor-General of South Africa**

Considering the audit outcome, the Audit and Risk Committee interacted with the Auditor-General of South Africa during the planning, scoping and review of the statements and performance information before the submission. We take note of the Auditor-General of South Africa's report and opinion and is satisfied with the outcome.

To be signed post comments.

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Mr. Singa Nqwala



## **7.2 STATEMENT BY THE BOARD OF DIRECTORS**

### **Directors Responsibilities and Approval**

The Agency's controlling Agency is Buffalo City Metropolitan Municipality. 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 Agency 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 Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Agency 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 Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 Agency's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, they

are satisfied that the Agency has access to adequate resources to continue in operational existence for the foreseeable future.

The Agency is wholly dependent on the Buffalo City Metropolitan Municipality for the continued funding of operations. The annual financial statements are prepared on the basis that the Agency 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 Agency. The external auditors are responsible for independently reviewing and reporting on the Agency'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 28 August 2023.

### **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 last reviewed in July 2019. A process is underway to review the SDA during the 2023/2024 financial year.

### **Review of activities**

Main business and operations during the year, the mandate of the Agency as approved by Council remained that of conceptualizing, planning, and executing catalytic socio-economic development capital 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.

### **Going concern**

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 realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the Agency to continue as a going concern is dependent on several factors. The most significant of these is that the Directors continue to procure funding for the ongoing operations of the Agency 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.

### **Subsequent events**

The Directors are aware of the amicable departure of the previous Chief Executive Officer (CEO) as at 1 November 2022 and subsequent dismissal of as 25 January 2023. For the effective operations of the Agency to continue uninterrupted an interim CEO was appointed from the Board namely Mr Van Wyk from 1 November 2023 to 25 January 2024 and Mr Sibam from 26 January 2024 to 15 August 2024 until a suitably qualified and experienced leader is found for the Agency.

### **Directors' interest in contracts**

The Directors have declared that they do not have any interests in the contracts of the Agency.

### **Accounting policies**

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.

### **Share capital / contributed capital**

There were no changes in the authorized or issued share capital of the Agency during the year under review. The Agency is wholly owned by the parent municipality, it is authorized to issue hundred (100) ordinary shares with no nominal or par value.

### **Board**

There were two Boards operational in the Agency during the financial year. The outgoing directors of the Agency during the year was effective from 01 September 2019 to 31 August 2022. An interim board was appointed on 1 September 2022. The Interim Board was constituted of eight non-executive Directors, and one member resigned on the 25 November 2022. The members were as follows:

Ms. Nolitha Pietersen

Ms. Nobantu Sakube Ndevu

Mr. Noel Van Wyk

Mr. Vuyo Mandilakhe Dilima

Mr. Mxolisi Sibam

Mr. Sindile Toni

Ms. Andisiwe Kumbaca

Mrs Thandiwe Godongwana (resigned 25 November 2022)

### **Corporate governance**

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 Agency confirms and acknowledges its responsibility to compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002.

Board of directors retains full control over the Agency, 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 Agency and is of a unitary structure comprising:

The Chairperson is a non-executive and independent director. The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

### **Audit and risk committee**

The chairperson of the audit committee is Mr S Ngqwala, who is an independent audit committee member. The committee met 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 director 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 Agency onto the audit committee.

### **Internal audit**

The Agency has outsourced its internal audit function to Ndluntsha Chartered Accountants for a period of three years starting from 18 August 2022. This is in compliance with the Municipal Finance Management Act, 2003.

### **Auditors**

The Auditor General of South Africa will continue in office for the next financial period.

## Board Meetings

*Table 37: Number of Board and sub-committee meetings*

Type of Committee	Outgoing Board	Interim Board	Total Number of meetings
Board	3	18	21
Governance Committee	1	3	4
Organisational Committee	2	3	5
Project Development & Investment	1	4	5
Audit and Risk Committee	0	0	8
<b>TOTAL</b>	<b>7</b>	<b>28</b>	<b>35</b>

## Board remuneration

*Table 38: Outgoing Board remuneration*

Outgoing Board Members	Total
Mr Thembinkosi Bonakele	70 500
Ms Mankomo Pango	66 500
Mr Chuma Sangqu	62 243
Mr Barry Canning	31 000
Ms Sibongile Booie	71 500
Ms Thobeka Buswana	69 500
Mr Luncedo Njezula	39 654
Mrs Thandiwe Godongwana	66 500
<b>TOTAL</b>	<b>477 397</b>

*Table 39: Interim Board remuneration*

Interim Board Members	Total
Ms Nolitha Pietersen	325 485
Ms Nobantu Ndevu	301 916
Mr Noel Van Wyk	256 779

<b>Interim Board Members</b>	<b>Total</b>
Mr Vuyo Mandilakhe Dilima	290 500
Mr Mxolisi Sibam	158 000
Mr Sindile Toni	303 378
Ms Andisiwe Kumbaca	306 068
Mrs Thandiwe Godongwana	-
<b>TOTAL</b>	<b>1 993 126</b>

To be signed post comments

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Chair of the Board

Ms Nolitha Pietersen

## **VOLUME II: ANNUAL FINANCIAL STATEMENTS**

### **Statement of responsibility**

The Directors are responsible for the preparation, integrity, and fair presentation of the financial statement of the entity. The annual financial statements presented in this Volume 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 directors are responsible for the preparation of the other information in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity will not be a going concern in the foreseeable future based on the forecast and available cash resources. Refer to the Directors' report in Chapter 7 with regard to the appropriateness of the going concern assumption for the preparation of the financial statements. The BCMDA's executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2022/23 to ascertain whether minimum disclosure requirements were adhered terms of MFMA Circular 63 on Annual report requirements.

To be signed post comments

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Chief Financial Officer

Mrs Busisiwe Lubuluwana

To be signed post comments

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Acting Chief Executive Officer

Mr Siyabulela Peter

To be signed post comments

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Chair of the Board

Ms Nolitha Pietersen

## **ANNUAL FINANCIAL STATEMENTS**





**BCMDA**  
**BUFFALO CITY METROPOLITAN**  
DEVELOPMENT AGENCY

Buffalo City Metropolitan Development Agency  
(Registration number 2016/168330/30)  
Annual Financial Statements  
for the year ended 30 June 2023

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form of entity</b>	Municipal Entity
<b>Nature of business and principal activities</b>	Municipal entity established to be a key implementation instrument in delivering on the Buffalo City Metropolitan Municipality's local economic development agenda.
<b>Board of Directors</b>	Mr S Peter (Interim CEO) Ms N Pietersen (Chairperson) Mr N van Wyk Ms A Kumbaca Ms N Ndevu-Sakube Mr S Toni Mr M Sibam Mr M Dilima Ms B Sauli
<b>Audit and Risk Committee</b>	Mr S Ngqwala (Chairperson) Mr S Maharaj Mrs T Maqwati-Naku
<b>Chief Finance Officer (CFO)</b>	Mrs B Lubelwana
<b>Registered office</b>	10th Floor Trust Centre Oxford Street East London 5201
<b>Business address</b>	Buffalo City Metropolitan Development Agency 12 Esplanade Road Quigney East London 5201
<b>Postal address</b>	P O Box 134 East London 5201
<b>Controlling entity</b>	Buffalo City Metropolitan Municipality
<b>Bankers</b>	First National Bank Ltd
<b>Auditors</b>	Auditor General of South Africa Registered Auditors
<b>Company Secretary</b>	Ms N Zokufa (acting)
<b>Company registration number</b>	2016/168330/30
<b>Applicable legislation</b>	Municipal Finance Management Act (Act no. 56 of 2003)

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Index

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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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### Abbreviations used:

BCMM	Buffalo City Metropolitan Municipality
BCMDA	Buffalo City Metropolitan Development Agency
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
SDA	Service Delivery Agreement
DFFE	Department of Forestry, Fisheries and Environment
MFMA	Municipal Finance Management Act (Act no. 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Responsibilities and Approval

---

The Directors are required by the Municipal Finance Management Act (Act No. 56 of 2003), 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 year 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.

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 of Directors set 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 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or 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.

Although the Directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently providing reasonable assurance by reviewing and reporting on the entity's annual financial statements at year end.

The annual financial statements set out on page 9 to 63, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 August 2023 and were signed on its behalf by:

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**Mr S Peter (Interim CEO)**

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Report

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The Directors submit their report for the year ended 30 June 2023.

### 1. Incorporation

The Buffalo City Metropolitan Development Agency (BCMDA) has been operating since its incorporation on 20 April 2016. BCMM has, for the past eight financial years, supported the entity financially as stipulated in the signed Service Delivery Agreement (SDA) which was reviewed in July 2019. BCMM has, in the current financial year (2022/23), transferred the entity's operational budget allocation in two half yearly tranches totalling R 50.8 million (2022: R48.4 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. In implementing its mandate, the vision is that of an innovative Agency that catalyses investment opportunities for a vibrant, integrated and inclusive City. The mission of the Agency is to build a vibrant, integrated, and inclusive City through promoting investment in property, tourism and socio-economic development for the benefit of its citizens.

### 3. Going concern

We draw attention to the fact that at 30 June 2023, the entity had an accumulated deficit of R (1 546 979) and that the entity's total liabilities exceed its assets by R (1 546 979).

The above translates to possible material uncertainties relating to the Agency's going concern which is evidence by the reduction in the Liquidity ratio as compared to the previous financial year.

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 for the entity and that the service delivery agreement was reviewed and signed with the parent municipality on 01 July 2019 and remains effective for the future operations of the entity. Refer to note 33.

### 4. Events after the reporting date

The Directors are not aware of any material events taking place after the reporting date that would affect the annual financial statements.

### 5. Directors' interest in contracts

The Directors have declared that they do not have any interests in the contracts of the entity.

### 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 BCMM, its parent municipality. It is authorised to issue hundred (100) ordinary shares with no nominal or par value.

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Report

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### 8. Board of Directors

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

Name	Changes
Mr S Peter (Interim CEO)	
Ms S Booi	Term ended Wednesday, 31 August 2022
Ms T Buswana	Term ended Wednesday, 31 August 2022
Mr B Canning	Term ended Wednesday, 31 August 2022
Mrs T Godongwana	Resigned Friday, 25 November 2022
Ms M Pango	Term ended Wednesday, 31 August 2022
Mr C Sangqu	Term ended Wednesday, 31 August 2022
Mr L Njezula	Term ended Wednesday, 31 August 2022
Ms N Pietersen (Chairperson)	Appointed Thursday, 01 September 2022
Mr N van Wyk	Appointed Thursday, 01 September 2022
Ms A Kumbaca	Appointed Thursday, 01 September 2022
Ms N Ndevu-Sakube	Appointed Thursday, 01 September 2022
Mr S Toni	Appointed Thursday, 01 September 2022
Mr M Sibam	Appointed Thursday, 01 September 2022
Mr M Dilima	Appointed Thursday, 01 September 2022
Ms B Sauli	Appointed Tuesday, 01 November 2022
	Shareholders Representative
Mr B Nelana	Discharged Tuesday, 28 February 2023
Mr T Bonakele	Resigned Wednesday, 31 August 2022

### 9. Company Secretary

The acting Company Secretary and Legal Services Manager of the entity is Ms N Zokufa of:

Business address

Buffalo City Metropolitan Development Agency  
12 Esplanade Road  
Quigney  
East London  
5201

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Report

---

### 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 discusses 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.

#### Chairperson 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 have met on 8 separate occasions during the financial year and no Special Exco meetings were held.

Non-executive directors have access to all members of management of the entity.

#### Audit and risk committee

The Chairperson of the audit committee is Mr S Ngqwala, who is an independent audit committee member. The committee met 8 times during the financial year to review matters necessary to fulfil its role

In terms of Section 166 of the MFMA, Buffalo City Metropolitan Municipality (BCMM), as a parent municipality, must appoint members of the Audit and Risk Committee. BCMM has in line with section 166(6) of the MFMA established a single Audit and Risk Committee to service both the parent municipality and its entity (BCMDA). The Board is satisfied that the Audit and Risk Committee of the entity is properly constituted to fulfil its role and advise the Board of its responsibilities as provided in Section 166 of the MFMA.

#### Internal audit

The entity has outsourced its internal audit function to Ndluntsha Chartered Accountants who succeeded Lunika Chartered Accountants who was the entity's previous internal auditors. This is in compliance with the MFMA.

### 11. Controlling entity

The Agency's controlling entity is Buffalo City Metropolitan Municipality.

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Directors' Report

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### 12. Bankers

All the entity's main bank accounts are held at First National Bank for the year. The Agency held a short-term fixed deposit investment account with Nedbank, which matured in July 2022.

### 13. Auditors

The Auditor General of South Africa will continue in office for the next financial year.

### 14. Meetings

There were twenty-one (21) Board meetings including sixteen (16) Special Board meetings that were held during the period 01 July 2022 to 30 June 2023. In addition the Board had established sub-committees to assist in discharging its governance responsibilities. The sub-committees are the Organisation Committee (OC), Governance and Social Ethics Committee (GSEC), Project Development and Investment Committee (PDIC) and the Audit and Risk Committee (ARC), which is shared with the parent municipality.

The OC met five (5) times including one (1) Special OC meeting, GSEC met four (4) times, PDIC met five (5) times including one(1) Special PDIC meeting and the ARC met eight (8) times including four (4) Special ARC meetings, during the period under review.

The annual financial statements set out on page 9 to 63, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 August 2023 and were signed on its behalf by:

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**Mr S Peter (Interim CEO)**



# **Buffalo City Metropolitan Development Agency**

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## **Company Secretary's Certification**

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**Declaration by the Company Secretary in respect of Section 88(2)(e) of the Companies Act of South Africa (Act no. 71 of 2008)**

In terms of Section 88(2)(e) of the Companies Act of South Africa (Act No. 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 of South Africa (Act No. 71 of 2008) and that all such returns are true, correct and up to date.

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**Ms N Zokufa (acting)**  
**Company Secretary**  
**BCMDA**

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figure in Rands	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	39 960	62 387
Receivables from exchange transactions	4	3 189 181	41 207 309
VAT receivable	5	594 745	769 112
Prepayments	6	-	104 436
Cash and cash equivalents	7	19 986 574	20 433 336
		<b>23 810 460</b>	<b>62 576 580</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	1 203 192	1 531 722
Intangible assets	9	736 969	776 344
		<b>1 940 161</b>	<b>2 308 066</b>
<b>Total Assets</b>		<b>25 750 621</b>	<b>64 884 646</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	11	89 315	68 368
Payables from exchange transactions	12	10 565 119	25 129 340
Unspent conditional grants and receipts	14	1 353 802	9 179 802
Provisions	15	10 715 515	1 637 077
		<b>22 723 751</b>	<b>36 014 587</b>
<b>Non-Current Liabilities</b>			
Provisions	15	4 573 849	13 426 587
<b>Total Liabilities</b>		<b>27 297 600</b>	<b>49 441 174</b>
<b>Net Assets</b>		<b>(1 546 979)</b>	<b>15 443 472</b>
Share capital / contributed capital	16	-	-
Accumulated surplus		(1 546 979)	15 443 472
<b>Total Net Assets</b>		<b>(1 546 979)</b>	<b>15 443 472</b>

\* See Note 42

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figure in Rands	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Fees earned	17	2 008 752	6 657 534
Other income	18	24 685	143 487
Interest received - investment	19	1 117 008	721 782
Gain on disposal of assets		21 590	58 134
Inventory reversal		-	14 418
<b>Total revenue from exchange transactions</b>		<b>3 172 035</b>	<b>7 595 355</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	20	56 672 784	47 015 188
<b>Total revenue</b>	21	<b>59 844 819</b>	<b>54 610 543</b>
<b>Expenditure</b>			
Employee related costs	22	(43 851 453)	(23 448 816)
Remuneration of directors	23	(2 470 523)	(2 657 361)
Depreciation and amortisation	24	(829 459)	(1 111 368)
Impairment loss		(26 356)	-
Finance costs		(183)	(1)
Contracted services	25	(17 746 610)	(19 182 812)
Inventories losses/write-downs		(22 426)	-
General Expenses	26	(11 888 263)	(7 560 441)
<b>Total expenditure</b>		<b>(76 835 273)</b>	<b>(53 960 799)</b>
<b>(Deficit)/Surplus for the year</b>		<b>(16 990 454)</b>	<b>649 744</b>

\* See Note 42

# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figure in Rands	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported	14 045 343	14 045 343
Adjustments		
Correction of errors 42	(153 704)	(153 704)
<b>Balance at 01 July 2021 - Restated</b>	<b>13 891 639</b>	<b>13 891 639</b>
Changes in net assets		
Surplus for the year	649 744	649 744
Total changes	649 744	649 744
Opening balance as previously reported	14 541 386	14 541 386
Adjustments		
Correction of errors 42	902 089	902 089
<b>Restated* Balance at 01 July 2022 as restated*</b>	<b>15 443 475</b>	<b>15 443 475</b>
Changes in net assets		
Deficit for the year	(16 990 454)	(16 990 454)
Total changes	(16 990 454)	(16 990 454)
<b>Balance at 30 June 2023</b>	<b>(1 546 979)</b>	<b>(1 546 979)</b>
Note(s)		

\* See Note 42

# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figure in Rands	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		48 846 784	53 889 722
Interest income - investment	19	1 271 976	566 814
Other receipts		39 896 597	(24 817 015)
		<u>90 015 357</u>	<u>29 639 521</u>
<b>Payments</b>			
Employee costs		(44 093 282)	(23 632 816)
Suppliers		(43 482 373)	(1 746 908)
Finance costs		(183)	(1)
Remuneration of directors		(2 419 962)	(2 640 057)
		<u>(89 995 800)</u>	<u>(28 019 782)</u>
<b>Net cash flows (used in)/from operating activities</b>	28	<b><u>19 557</u></b>	<b><u>1 619 739</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(265 966)	(376 246)
Proceeds from sale of property, plant and equipment	8	21 590	116 061
Purchase of other intangible assets	9	(221 944)	(255 048)
<b>Net cash flows (used in)/from investing activities</b>		<b><u>(466 320)</u></b>	<b><u>(515 233)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(446 763)</b>	<b>1 104 506</b>
Cash and cash equivalents at the beginning of the year		20 433 336	19 328 830
<b>Cash and cash equivalents at the end of the year</b>	7	<b><u>19 986 573</u></b>	<b><u>20 433 336</u></b>

The accounting policies on pages 17 to 40 and the notes on pages 41 to 65 form an integral part of the annual financial statements.

\* See Note 42

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## 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
Figure in Rands						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Fees earned	3 768 006	(1 759 254)	<b>2 008 752</b>	2 008 752	-	
Other income	14 660 704	(11 766 654)	<b>2 894 050</b>	24 685	<b>(2 869 365)</b>	N1
Interest received - investment	636 785	480 224	<b>1 117 009</b>	1 117 008	<b>(1)</b>	
<b>Total revenue from exchange transactions</b>	<b>19 065 495</b>	<b>(13 045 684)</b>	<b>6 019 811</b>	<b>3 150 445</b>	<b>(2 869 366)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	135 165 835	(3 367 060)	<b>131 798 775</b>	56 672 784	<b>(75 125 991)</b>	N2
<b>Total revenue</b>	<b>154 231 330</b>	<b>(16 412 744)</b>	<b>137 818 586</b>	<b>59 823 229</b>	<b>(77 995 357)</b>	
<b>Expenditure</b>						
Employee Related Costs	(33 953 396)	(13 565 878)	<b>(47 519 274)</b>	(43 851 453)	<b>3 667 821</b>	N3
Remuneration of directors	(2 497 472)	26 949	<b>(2 470 523)</b>	(2 470 523)	-	
Depreciation and amortisation	(984 123)	154 664	<b>(829 459)</b>	(829 459)	-	
Impairment loss/ Reversal of impairments	-	-	-	(26 356)	<b>(26 356)</b>	
Finance costs	(4 456)	4 276	<b>(180)</b>	(183)	<b>(3)</b>	
Contracted Services	(96 829 750)	23 130 059	<b>(73 699 691)</b>	(17 746 610)	<b>55 953 081</b>	N4
General Expenses	(19 962 133)	6 662 674	<b>(13 299 459)</b>	(11 888 263)	<b>1 411 196</b>	N5
<b>Total expenditure</b>	<b>(154 231 330)</b>	<b>16 412 744</b>	<b>(137 818 586)</b>	<b>(76 812 847)</b>	<b>61 005 739</b>	
<b>Operating deficit</b>	-	-	-	<b>(16 989 618)</b>	<b>(16 989 618)</b>	
Loss on disposal of assets	-	-	-	21 590	<b>21 590</b>	
Inventories losses/write-downs	-	-	-	(22 426)	<b>(22 426)</b>	
	-	-	-	<b>(836)</b>	<b>(836)</b>	
<b>Deficit for the year</b>	-	-	-	<b>(16 990 454)</b>	<b>(16 990 454)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>(16 990 454)</b>	<b>(16 990 454)</b>	

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## 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
Figure in Rands						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	60 706	(20 746)	<b>39 960</b>	39 960	-	
Receivables from exchange transactions	3 311 408	(122 227)	<b>3 189 181</b>	3 189 181	-	
VAT receivable	-	570 681	<b>570 681</b>	594 745	<b>24 064</b>	
Cash and cash equivalents	4 834 325	15 152 249	<b>19 986 574</b>	19 986 574	-	
	<b>8 206 439</b>	<b>15 579 957</b>	<b>23 786 396</b>	<b>23 810 460</b>	<b>24 064</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	1 458 702	(255 510)	<b>1 203 192</b>	1 203 192	-	
Intangible assets	1 177 228	(440 259)	<b>736 969</b>	736 969	-	
	<b>2 635 930</b>	<b>(695 769)</b>	<b>1 940 161</b>	<b>1 940 161</b>	-	
<b>Total Assets</b>	<b>10 842 369</b>	<b>14 884 188</b>	<b>25 726 557</b>	<b>25 750 621</b>	<b>24 064</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Operating lease liability	-	89 315	<b>89 315</b>	89 315	-	
Payables from exchange transactions	-	4 167 753	<b>4 167 753</b>	10 565 121	<b>6 397 368</b>	
Unspent conditional grants and receipts	-	442 077	<b>442 077</b>	1 353 802	<b>911 725</b>	
Provisions	1 661 871	9 559 716	<b>11 221 587</b>	10 715 515	<b>(506 072)</b>	
	<b>1 661 871</b>	<b>14 258 861</b>	<b>15 920 732</b>	<b>22 723 753</b>	<b>6 803 021</b>	
<b>Non-Current Liabilities</b>						
Provisions	-	4 686 990	<b>4 686 990</b>	4 573 849	<b>(113 141)</b>	
<b>Total Liabilities</b>	<b>1 661 871</b>	<b>18 945 851</b>	<b>20 607 722</b>	<b>27 297 602</b>	<b>6 689 880</b>	
<b>Net Assets</b>	<b>9 180 498</b>	<b>(4 061 663)</b>	<b>5 118 835</b>	<b>(1 546 981)</b>	<b>(6 665 816)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	9 180 498	(4 061 663)	<b>5 118 835</b>	5 118 835	-	

# Buffalo City Metropolitan Development Agency

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## 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
Figure in Rands						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Grants	135 165 835	(55 511 085)	<b>79 654 750</b>	55 244 135	<b>(24 410 615)</b>	N1
Interest income	636 784	480 225	<b>1 117 009</b>	1 117 013	<b>4</b>	
Other income	18 428 709	21 622 857	<b>40 051 566</b>	40 051 565	<b>(1)</b>	
	<b>154 231 328</b>	<b>(33 408 003)</b>	<b>120 823 325</b>	<b>96 412 713</b>	<b>(24 410 612)</b>	
<b>Payments</b>						
Employee costs	(33 953 396)	3 732 263	<b>(30 221 133)</b>	(44 093 297)	<b>(13 872 164)</b>	N3
Suppliers	(116 636 004)	28 524 060	<b>(88 111 944)</b>	(49 829 168)	<b>38 282 776</b>	N6
Finance costs	(4 456)	4 288	<b>(168)</b>	(168)	-	
Remuneration of directors	(2 497 472)	26 949	<b>(2 470 523)</b>	(2 470 523)	-	
	<b>(153 091 328)</b>	<b>32 287 560</b>	<b>(120 803 768)</b>	<b>(96 393 156)</b>	<b>24 410 612</b>	
<b>Net cash flows from/(used in) operating activities</b>	<b>1 140 000</b>	<b>(1 120 443)</b>	<b>19 557</b>	<b>19 557</b>	-	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(340 000)	74 034	<b>(265 966)</b>	(265 966)	-	
Proceeds from sale of property, plant and equipment	-	21 590	<b>21 590</b>	21 590	-	
Purchase of other intangible assets	(800 000)	578 056	<b>(221 944)</b>	(221 944)	-	
<b>Net cash flows from/(used in) investing activities</b>	<b>(1 140 000)</b>	<b>673 680</b>	<b>(466 320)</b>	<b>(466 320)</b>	-	
Net increase/(decrease) in cash and cash equivalents	-	(446 763)	<b>(446 763)</b>	(446 763)	-	
Cash and cash equivalents at the beginning of the year	-	-	-	20 433 336	<b>20 433 336</b>	
<b>Cash and cash equivalents at the end of the year</b>	-	<b>(446 763)</b>	<b>(446 763)</b>	<b>19 986 573</b>	<b>20 433 336</b>	



# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## 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
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Figure in Rands

The accounting policies on pages 17 to 40 and the notes on pages 41 to 65 form an integral part of the annual financial statements.

N1 - There is a variance of 99% on other income. The development levy that was budgeted for in other income was not received during the financial year as the development agreement which upon conclusion will give rise to these fees has not been concluded.

N2 - The variance on government grants & subsidies is 51%. This variance is caused by the application of the standard on principal-agent agreement, wherein BCMDA does not recognise any assets, income and expenditure in relation to the recreational projects done by the Agency on behalf of BCMM.

N3 - The variance is caused by an increase in PEP allocation from BCMM during the adjustment budget period, the increase in expenditure as a result of contracted participants/beneficiaries occurred during the last month of the financial year.

N4 - The variance disclosed is mainly due to expenditure relating to the recreational projects that has not been recognised. This is in line with the principal-agent relationship that BCMDA has with its parent municipality, BCMM. Another cause of the variance is a classification issue between mSCOA and GRAP.

N5 - The variance on general expenses is due to delays on spending as well as cost cutting measures that were implemented by the Agency.

N6 - The variance is caused by the narration which was mentioned in N4.

# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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Figure in Rands

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### 1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

#### 1.1 Basis of preparation

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 No. 56 of 2003).

These 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.

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.

These accounting policies are consistent with the previous year.

#### 1.2 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.

#### 1.3 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.

#### 1.4 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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

#### Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipal entity 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 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.

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.4 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. 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 intangible and tangible assets.

#### Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Agency's circumstances. The assessment of materiality therefore requires management to apply judgements about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Agency or decisions that the users make on the basis of those annual financial statements.

(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

#### 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 15 - Provisions.

#### Taxation

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

The entity has in accordance with paragraph of 8 of Directive 5, GRAP Reporting Framework, adopted the 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 waste water 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.

### 1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

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.

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:

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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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The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

# Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

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

### 1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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.

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:

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 years

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### 1.6 Intangible assets (continued)

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 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).

### 1.7 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 concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

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.

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### 1.7 Financial instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

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;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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### 1.7 Financial instruments (continued)

- 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.



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### 1.7 Financial instruments (continued)

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Fixed term deposits	Financial asset measured at fair value
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 category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at fair value

#### 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 [if subsequently measured at 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.

#### 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

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### 1.7 Financial instruments (continued)

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.

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 entity 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 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.

#### Derecognition

##### Financial assets

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### 1.7 Financial instruments (continued)

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.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

### 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).

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## Accounting Policies

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### 1.8 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.

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 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.

#### Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

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### 1.8 Statutory receivables (continued)

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### 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.

### 1.9 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.

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## Accounting Policies

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### 1.9 Tax (continued)

#### 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.

### 1.10 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.

### 1.11 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.

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### 1.11 Inventories (continued)

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.

### 1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.13 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.

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### 1.13 Impairment of cash-generating assets (continued)

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

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

Recoverable 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.

### 1.14 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.

### 1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.



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### 1.15 Employee benefits (continued)

#### 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.

#### 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.

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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### 1.16 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.

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.

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 an 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 41.

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### 1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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.

### 1.18 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

#### Interest, royalties and dividends

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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### 1.19 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.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

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

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

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

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

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

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

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

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

### Recognition

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

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

### Measurement

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

# Buffalo City Metropolitan Development Agency

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### 1.19 Revenue from non-exchange transactions (continued)

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.21 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.

### 1.22 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

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### 1.22 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.

### 1.23 Comparative figures

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

### 1.24 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

### 1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA in relation to a municipal entity means:

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## Accounting Policies

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### 1.26 Irregular expenditure (continued)

Expenditure incurred by a municipal entity in contravention of, or that is not in accordance with a requirement of the MFMA, and which has not been condoned in terms of section 170 of the MFMA; Expenditure incurred by a 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; Expenditure incurred in contravention of, or that is not in accordance with a requirement of the Supply Chain Management Policy of that municipal entity or Municipal SCM regulations which has not been condoned in terms of such policy.

Upon discovery or identification of irregular expenditure that was incurred, the Board of Directors has a responsibility to report in writing to the Mayor and Municipal Manager of the parent municipality and the Auditor General of South Africa, particulars of the expenditure and steps taken to recover and prevent recurrence of the expenditure.

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 annual financial statements. The irregular expenditure register must be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the Board has the authority to investigate the irregular expenditure and write it off based on the outcome of the investigation. The write-off of such irregular expenditure should be reported to Council, the Executive Mayor and the Municipal Manager of the parent municipality.

### 1.27 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 entity. Management will continue to assess its applicability in future financial years.

### 1.28 Budget information

Entities 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 an entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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### 1.28 Budget information (continued)

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e 01 July 2022 to 30 June 2023. The budget information is therefore on a comparable basis to the actual amounts.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.29 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 those family members who may be expected to influence, or be influenced by that person 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 annual financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.30 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 annual 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 annual 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 annual financial statements.



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### 1.31 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 VAT except where VAT incurred on a purchase of assets or services is not recoverable from the 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.

### 1.32 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 annual financial statements. Materiality depends on the nature or size of the omission or misstatement 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 operating expenditure. This materiality is from management's perspective and does not correlate with the auditors' materiality.

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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Figure in Rands	2023	2022
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### 2. New Standards, Amendments to Standards and Interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been issued but not yet effective as the date set by the Minister of Finance is for entities' financial year commencing on or after 1 April 2023.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 5: Borrowing Costs	01 April 2023	Unlikely there will be a material impact
• GRAP 13: Leases	01 April 2023	Unlikely there will be a material impact
• GRAP 17: Property, Plant and Equipment	01 April 2023	Unlikely there will be a material impact
• GRAP 20: Related Parties	01 April 2023	Unlikely there will be a material impact
• GRAP 24: Presentation of Budget Information in Financial Statements	01 April 2023	Unlikely there will be a material impact
• GRAP 31: Intangible Assets	01 April 2023	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (Revised 2019): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• Amendments to GRAP 1 on Presentation of Financial Statements (2022)	01 April 2023	Unlikely there will be a material impact

#### 2.2 Standards and interpretations issued, but effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Agency may select to apply the principles established in that Standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standard of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

- GRAP 103 (Revised 2022) - Heritage Assets
- Guideline: Guideline on the Application of Materiality to Financial Statements.

The Agency have chosen to not early adopt the above mentioned Standards.

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>3. Inventories</b>		
Consumable stores	39 960	62 387
<b>Inventory Reconciliation</b>		
Opening balance	62 387	47 969
Procured during the year	196 530	129 967
Consumed during the year	(218 957)	(115 549)
<b>Closing balance</b>	<b>39 960</b>	<b>62 387</b>

Included in inventory are items that were held in stock at the end of the financial year.

### 4. Receivables from exchange transactions

Interest receivable	-	154 968
Project Management Fee Receivable	-	2 323 546
Sundry Debtors	3 189 181	2 082 780
BCMM Receivables - Construction	-	36 646 015
	<b>3 189 181</b>	<b>41 207 309</b>

Included in sundry debtors is an amount relating to BCMM debtor amounting to R1.2 million in relation to the Neighborhood Development Programme grant for VAT paid on behalf of BCMM (this is further mentioned in note 14) as well as R1.9 million which is made up of invoices billed to the BCMM relating to the Public Employment Programme which commenced in June 2022.

### 5. VAT receivable

VAT	594 745	769 112
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The Agency is 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 timeously.

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands 2023 2022

### 6. Prepayments

There were no prepayments for the 2022/23 financial year. The prepayment in the prior year related to office space rental invoice that was received in June 2022, however dated 01 July 2022. The invoice was erroneously accounted for in June 2022 and paid at 30 June 2022.

Prepayments	-	104 436
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### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	25	3 390
Bank balances	19 986 549	17 229 946
Short-term deposits	-	3 200 000
	<b>19 986 574</b>	<b>20 433 336</b>

### The agency had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
First National Bank - Public Sector Cheque Account - 620-9871-7899	1 535 629	1 381 147	6 659 766	1 535 629	1 381 147	6 659 766
First National Bank - Commercial Money Market Account - 620-9871-9358	18 008 837	4 806 233	10 029 466	18 008 837	4 806 233	10 029 466
First National Bank- DEA Waste Management Public Sector Cheque Account - 627-4180-3177	-	-	68 586	-	-	68 586
First National Bank - Public Sector Cheque Account - 629-0192-1983	442 083	11 042 567	2 569 375	442 083	11 042 567	2 569 375
Cash on hand	-	-	-	25	3 390	1 637
Nedbank - Fixed Deposit - 03788-1167637-000001	-	3 200 000	-	-	3 200 000	-
<b>Total</b>	<b>19 986 549</b>	<b>20 429 947</b>	<b>19 327 193</b>	<b>19 986 574</b>	<b>20 433 337</b>	<b>19 328 830</b>

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. The short term deposit relates to a 12 months fixed deposit investment account held with Nedbank, which matured in July 2022.

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands

### 8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 563 438	(870 183)	693 255	1 541 815	(611 575)	930 240
IT equipment	1 775 176	(1 265 239)	509 937	1 565 438	(963 956)	601 482
<b>Total</b>	<b>3 338 614</b>	<b>(2 135 422)</b>	<b>1 203 192</b>	<b>3 107 253</b>	<b>(1 575 531)</b>	<b>1 531 722</b>

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	930 240	21 623	(258 608)	693 255
IT equipment	601 482	244 343	(335 888)	509 937
	<b>1 531 722</b>	<b>265 966</b>	<b>(594 496)</b>	<b>1 203 192</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	1 197 194	-	-	(263 949)	(3 005)	930 240
IT equipment	613 146	376 246	(57 927)	(329 983)	-	601 482
	<b>1 810 340</b>	<b>376 246</b>	<b>(57 927)</b>	<b>(593 932)</b>	<b>(3 005)</b>	<b>1 531 722</b>

#### Pledged as security

None of the above property, plant and equipment has been pledged as security.

# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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Figure in Rands	2023	2022
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### 8. Property, plant and equipment (continued)

#### Depreciation rates

The depreciation methods and average useful lives 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

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the entity.

The disclosure on the reconciliation of property, plant and equipment does not reflect a value attached to the asset (IT equipment) that was disposed of. The reason is that at the date of disposal the asset had been fully depreciated, hence there was no impact to the carrying value. The asset was stolen and claimed from insurance resulting in proceeds on the disposal amounting to R21 590.

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands

### 9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 879 287	(4 142 318)	736 969	4 657 343	(3 880 999)	776 344

#### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software, other	776 344	221 944	(234 963)	(26 356)	736 969

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 038 733	255 048	(517 437)	776 344

#### Pledged as security

None of the above intangible assets are pledged as security.

# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
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### 10. Deferred tax

#### Deferred tax asset

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 BCMDA is still heavily dependent on grant income, which is exempt for Income Tax purposes, with an assessed loss balance, therefore recognition of deferred tax in the current period would not necessarily be in line with the Accounting Standards. IAS 12 requires that there should be probability of the entity deriving taxable income which would reduce the deferred tax in future. Disclosed below therefore is 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. The Minister of Finance announced on 27th February 2022 that the corporate tax rate would decrease from 28% to 27%, effective for years ended on or after 31 March 2023. 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	165 826	506 858
Unused tax losses not recognised as deferred tax assets	48 752 758	42 924 179
	<b>48 918 584</b>	<b>43 431 037</b>

### 11. Operating lease liability

Current liabilities	(89 315)	(68 368)
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The Agency entered into lease agreements for its two multifunctional printers and office space. GRAP 13 requires straightlining of the lease payments over the duration of the lease term. The lease for the office space has an escalation clause of 7% per annum and 9% in the two subsequent years. The above operating lease accrual is therefore as a result of adhering with the standard.

### 12. Payables from exchange transactions

Trade payables	1 765 007	23 186 084
Board claims payable	67 865	17 304
Other payables	6 397 352	-
Staff related payables	2 334 895	1 925 952
	<b>10 565 119</b>	<b>25 129 340</b>

Trade payables are made up of amounts due to service providers that were not paid by 30 June 2023. Staff related payables are mainly statutory deductions, leave accrual and staff claims. In addition, included in staff related payables is the 13th cheque accrual which is a result of the approval by Board of the Amended Remuneration Policy in March 2022. There are also board claims which were outstanding at year end, these were for board meetings during the month of June 2023. All statutory payments were paid by the 14th of July 2023. Other payables relates to a R6.5 million owed to BCMM relating to the NDP Grant were the municipality paid monies to National Treasury on behalf of the agency.

### 13. Employee benefit obligations

#### Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. Buffalo City Metropolitan Development Agency has during the financial year made contributions to a Defined Contribution Plan, wherein the fixed contributions are paid on a monthly basis to the fund. Kindly refer to note 37 for the amounts paid to the fund.

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

The amount recognised as an expense for defined contribution plans is	2 049 342	1 791 473
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# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>14. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
DEFF Waste Management Project	-	3 019
NDPG - Integrated Waste Management Grant	1 353 802	9 176 783
	<b>1 353 802</b>	<b>9 179 802</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	9 179 802	2 305 268
Additions during the year	232 672	12 713 185
Income recognition during the year	(329 172)	(5 838 651)
VAT recognised	1 285 538	-
Funds due to BCMM	(6 397 352)	-
Funds paid back to BCMM	(2 617 686)	-
	<b>1 353 802</b>	<b>9 179 802</b>

The Agency was appointed by the Department of Environmental Affairs Forestry and Fisheries (now DFFE) as an implementing agent of the Waste Management project in November 2017. Approved funding was R14 million, which was received and the project was concluded in June 2021. In addition, during the 2020/21 financial year, the Agency received an amount of R2.5 million for the project of implementation of the Duncan Village Buy Back Centre and Integrated Waste Management on behalf of BCMM. During the 2021/22 an additional R12.5 million was received in line with the business plan of the project. Since the funds are received through BCMM, they are deemed a taxable supply for VAT purposes. Amounts disclosed are therefore net of VAT.

During the current financial year the Agency received no additional funds from Department of Environmental Affairs Forestry and Fisheries (now DFFE), instead the additions during the year include an invoice (mentioned in note 11) that related to a debtor being raised against BCMM. The debtor relates to payments the Agency made on behalf of BCMM in relation to VAT.

Refer to note 20 for the reconciliation.

# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
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### 15. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Provisions - Retentions	13 426 587	945 097	(68 625)	14 303 059
Staff bonus	1 637 077	-	(650 772)	986 305
	<b>15 063 664</b>	<b>945 097</b>	<b>(719 397)</b>	<b>15 289 364</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Prior year adjustment	Total
Provisions - Retentions	6 498 002	7 041 727	-	(113 142)	13 426 587
Provision - EL IDZ Defects	255 754	-	(255 754)	-	-
Staff bonus	2 136 522	986 305	(682 045)	(803 705)	1 637 077
	<b>8 890 278</b>	<b>8 028 032</b>	<b>(937 799)</b>	<b>(916 847)</b>	<b>15 063 664</b>

Non-current liabilities	4 573 849	13 426 587
Current liabilities	10 715 515	1 637 077
	<b>15 289 364</b>	<b>15 063 664</b>

The retention provision represents the monies withheld from contractors invoices for the construction of Water World and Court Crescent recreational parks.

Management made a decision in the 2022/23 financial year to halt performance bonus and therefore no provision was made for the following financial year. The balance that is disclosed relates to prior financial years where management are in discussions as to whether the Agency will pay out those bonuses.

The retention for Court Crescent was transferred to current liabilities as the Agency anticipates the project will be completed in September 2023. WaterWorld has a longer anticipated completion date.

### 16. Share capital / contributed capital

#### Authorised

100 Ordinary shares of R1 each	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.

### 17. Fees earned

Project Management Fees	2 008 752	6 657 534
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The project management fees are as a result of the BCMDA arrangement of implementation of the City projects. BCMDA receives 8% of the invoices that the City has certified on the work done by the contractors. Included are Project Management fees relating to DFFE project.

### 18. Other income

Other income	24 685	143 487
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Other income relates to Board recoveries as well as staff recoveries.

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>19. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	1 117 008	721 782
The amount included in Investment revenue arising from positive bank balances held in short term call accounts amounted to R 1 117 008.		
<b>20. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Buffalo City Metropolitan Municipality	44 253 862	42 146 535
LG Seta Grant	47 080	38 094
DEFF - Waste Management Conditional Grant (now DFFE)	-	68 639
Neighbourhood Development Programme Grant	329 173	4 403 242
Public Employment Programme	12 042 669	358 678
	<b>56 672 784</b>	<b>47 015 188</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	19 680 919	4 471 798
Unconditional grants received	44 300 942	42 543 307
	<b>63 981 861</b>	<b>47 015 105</b>
<b>DEFF - Waste Management Conditional Grant (now DFFE)</b>		
Balance unspent at beginning of year	3 019	71 029
Current-year receipts	-	629
Conditions met - transferred to revenue	(3 019)	(68 639)
	<b>-</b>	<b>3 019</b>
The conditions of the grant have been met.		
<b>Neighbourhood Development Programme Grant</b>		
Balance unspent at beginning of year	9 176 783	2 234 239
Current-year receipts	232 671	12 712 473
VAT recognised	1 285 538	-
Conditions met - transferred to revenue	(326 153)	(4 556 863)
Funds paid back to BCMM	(2 617 685)	(1 213 066)
Funds due to BCMM	(6 397 352)	-
	<b>1 353 802</b>	<b>9 176 783</b>
The conditions of the grant have not been met and balance remains in liabilities (see note 14).		
<b>Public Employment Programme Grant</b>		
Current-year receipts	12 042 669	358 678
Conditions met - transferred to revenue	(12 042 669)	(358 678)
	<b>-</b>	<b>-</b>
Conditions of the grant have been met.		

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>21. Revenue</b>		
Fees earned	2 008 752	6 657 534
Inventories reversal	-	14 418
Gain on disposal of assets	21 590	58 134
Other income	24 685	143 487
Interest received - investment	1 117 008	721 782
Transfer revenue: Government grants & subsidies	56 672 784	47 015 188
	<b>59 844 819</b>	<b>54 610 543</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Fees earned	2 008 752	6 657 534
Other income	24 685	143 487
Interest received - investment	1 117 008	721 782
	<b>3 150 445</b>	<b>7 522 803</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Transfer revenue: Government grants & subsidies	56 672 784	47 015 188

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>22. Employee related costs</b>		
Basic*	22 800 409	11 792 721
Bonus	-	558 968
UIF	150 956	50 135
SDL	259 493	204 624
13th Cheques	605 539	154 029
Car allowance	60 000	110 000
Housing benefits and allowances	48 000	48 000
Provident fund	1 167 467	1 058 284
Leave pay provision	578 875	672 793
	<b>25 670 739</b>	<b>14 649 554</b>

\* - The significant increase in salaries is due to the Public Employment Programme which commenced June 2022, the Agency also reached an out of court settlement with Executive Manager: Corporate Services and paid settlement costs for the former CEO Mr B Nelana

### Remuneration of Executive Management

#### Remuneration - Chief Executive Officer (discharged February 2023)

Annual Remuneration	1 491 966	2 389 191
Performance Bonuses	-	131 274
Contributions to UIF, Medical and Pension Funds	165 424	238 419
Settlement cost	4 950 000	-
	<b>6 607 390</b>	<b>2 758 884</b>

The Agency and Mr Bulumko Nelana reached an out of court settlement amounting to R4 950 000.00 which resulted in his contract being terminated as at February 2023.

#### Remuneration - Chief Financial Officer (contract ended 30 April 2023)

Annual Remuneration	1 368 381	1 389 479
Performance Bonuses	-	86 752
Contributions to UIF, Medical and Pension Funds	137 106	145 092
	<b>1 505 487</b>	<b>1 621 323</b>

#### Remuneration - Acting Chief Financial Officer (S Peter) (appointed 15 May 2023)

Annual Remuneration	4 042	-
Contributions to UIF, Medical and Pension Funds	40	-
	<b>4 082</b>	<b>-</b>

#### Remuneration - Interim Chief Executive Officer (N van Wyk) (appointed 1 November 2022 - 25 January 2023)

Annual Remuneration	633 590	-
Contributions to UIF, Medical and Pension Funds	531	-
	<b>634 121</b>	<b>-</b>

#### Remuneration - Interim Chief Executive Officer (M Sibam) (appointed 26 January 2023)

Annual Remuneration	1 179 711	-
Contributions to UIF, Medical and Pension Funds	886	-
	<b>1 180 597</b>	<b>-</b>

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>22. Employee related costs (continued)</b>		
<b>Remuneration - Executive Manager: Corporate Services (re-appointed 1 June 2022)</b>		
Annual Remuneration	2 426 978	1 387 496
Performance Bonuses	-	74 972
Contributions to UIF, Medical and Pension Funds	53 220	114 070
	<b>2 480 198</b>	<b>1 576 538</b>
The Agency reached an out of court settlement with the Executive Manager: Corporate Services and his contract was terminated as at 30 June 2023.		
<b>Remuneration - Executive Manager: Strategy &amp; Risk (appointed 1 October 2022)</b>		
Annual Remuneration	1 126 125	-
Contributions to UIF, Medical and Pension Funds	112 969	-
	<b>1 239 094</b>	<b>-</b>
<b>Remuneration - Chief Investment Officer (appointed 11 July 2022)</b>		
Annual Remuneration	1 495 723	-
Contributions to UIF, Medical and Pension Funds	154 345	-
	<b>1 650 068</b>	<b>-</b>
<b>Remuneration - Executive Manager: Property Planning, Development and Management (appointed 11 July 2022)</b>		
Annual Remuneration	1 501 525	1 413 269
Performance Bonuses	-	77 652
Contributions to UIF, Medical and Pension Funds	151 683	141 899
	<b>1 653 208</b>	<b>1 632 820</b>
<b>Remuneration - Acting Executive: Corporate Services (F Goniwe) (appointed December 2022)</b>		
Annual Remuneration	35 078	-
<b>Remuneration - Company Secretary &amp; Legal Services Manager (appointed 1 July 2018)</b>		
Annual Remuneration	1 082 232	1 034 680
Performance Bonuses	-	56 686
Contributions to UIF, Medical and Pension Funds	109 159	104 160
13th Cheque	-	14 171
	<b>1 191 391</b>	<b>1 209 697</b>
<b>Total remuneration</b>	<b>43 851 453</b>	<b>23 448 816</b>

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands 2023 2022

### 23. Remuneration of Directors

#### Non-executive

#### 2023

	Board remuneration	Re-imbursive Costs	Total
Mr T Bonakele	70 500	-	70 500
Ms S Booï	71 500	-	71 500
Ms T Buswana	69 500	-	69 500
Mr B Canning	31 000	-	31 000
Mrs T Godongwana	66 500	-	66 500
Ms M Pango	66 500	-	66 500
Mr C Sangqu	61 500	743	62 243
Mr L Njezula	39 000	654	39 654
Ms N Pietersen (Chairperson)	319 500	5 985	325 485
Mr N van Wyk	254 500	2 279	256 779
Ms A Kumbaca	341 000	16 068	357 068
Ms N Ndevu-Sakube	298 000	3 916	301 916
Mr S Toni	288 500	14 878	303 378
Mr M Sibam	158 000	-	158 000
Mr M Dilima	287 500	3 000	290 500
	<b>2 423 000</b>	<b>47 523</b>	<b>2 470 523</b>

#### 2022

	Board remuneration	Re-imbursive Costs	Total
Mr T Bonakele	306 500	-	306 500
Ms S Booï	380 500	131	380 631
Ms T Buswana	445 500	12 875	458 375
Mr B Canning	212 500	2 037	214 537
Mrs T Godongwana	302 500	-	302 500
Ms M Pango	331 500	-	331 500
Mr C Sangqu	308 500	3 319	311 819
Mr L Njezula	351 500	-	351 500
	<b>2 639 000</b>	<b>18 362</b>	<b>2 657 362</b>

The Board's remuneration has decreased by 7% when compared to the previous year. The term of the previous board came to an end during the financial year under review and a new board was appointed on the 1st September 2022. The number of board members of the new board decreased slightly from the previous members. During the financial year under review, two (2) of the board members had to act in the capacity of Chief Executive Officer, this decreased the number of attendees in board sittings during the year. The number of board meetings as well as various committee meetings are reflected in the Directors' Report.

### 24. Depreciation and amortisation

Property, plant and equipment	594 496	593 932
Intangible assets	234 963	517 436
	<b>829 459</b>	<b>1 111 368</b>

# Buffalo City Metropolitan Development Agency

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## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>25. Contracted services</b>		
<b>Presented previously</b>		
Information Technology Services	436 402	645 424
Security Services	3 352 119	2 662 437
Operating Leases	1 165 772	1 070 674
Specialist Services	526 551	661 719
Construction Costs Retention	2 007 609	7 961 926
<b>Consultants and Professional Services</b>		
Business and Advisory	6 445 463	6 180 632
Legal Cost	3 812 694	-
	<b>17 746 610</b>	<b>19 182 812</b>
<b>26. General expenses</b>		
Advertising	139 825	215 385
Auditors remuneration	888 866	973 113
Bank charges	35 319	15 453
Consumable Materials and Supplies	3 502 794	1 724 395
Delivery expenses	1 130	-
Bursaries	66 090	214 099
Insurance	178 105	154 165
Catering	128 351	153 713
Workmen's Compensation	286 309	116 944
Software expenses - Licences	933 995	1 082 142
Marketing	520 304	100 395
Promotions and sponsorships	1 305 843	377 183
Fuel and oil	36 058	1 452
Printing and stationery	3 513	11 661
Protective clothing	1 051 149	123 575
Repairs and maintenance	20 042	8 870
Employee wellness	99 581	95 342
Subscriptions and membership fees	29 883	17 707
Telephone and fax	244 159	283 695
Transport expenses	34 162	6 500
Training and Conferences	369 020	295 902
Travel, accommodation and subsistence - local	1 006 824	722 872
Utilities	97 382	76 409
Audit Committee remuneration	441 660	500 680
Placement fees	81 543	19 154
Refreshments	82 355	52 198
Venue expenses	304 001	217 437
	<b>11 888 263</b>	<b>7 560 441</b>

There is an overall 57% increase on general expenditure when compared to the previous financial year. The increase is mainly due to the expenditure incurred on the Public Employment Programme that was implemented in the June 2022, this resulted in significant increases to consumables, marketing and protective clothing costs. The programme is a waste management programme which necessitates the purchasing of such expenses. Travelling includes Board and staff travel as well as accommodation costs. Catering and venue hire expenses increased as more physical meetings continued from the prior year. Membership fees increased due to staff members being affiliated to a professional body.

### 27. Auditors' remuneration

Fees	888 866	973 113
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# Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figure in Rands	2023	2022
<b>28. Cash (used in)/ from operations</b>		
(Deficit)/Surplus for the year	(16 990 454)	649 744
<b>Adjustments for:</b>		
Depreciation and amortisation	829 459	1 111 368
Loss/(Gain) on sale of assets	(21 590)	(58 134)
Impairment deficit	26 356	-
Movements in operating lease assets and accruals	20 947	(31 036)
Impairment loss	-	3 002
Movements in provisions	225 700	7 090 233
<b>Changes in working capital:</b>		
Inventories	22 427	(14 418)
Receivables from exchange transactions	38 018 128	(31 773 004)
Prepayments	104 436	(6 832)
Payables from exchange transactions	(14 564 219)	17 855 464
VAT	174 367	(81 182)
Unspent conditional grants and receipts	(7 826 000)	6 874 534
	<b>19 557</b>	<b>1 619 739</b>
<b>29. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2023</b>		
<b>Financial assets</b>		
	<b>At fair value</b>	<b>Total</b>
Receivables from exchange transactions	3 189 181	3 189 181
Cash and cash equivalents	19 986 574	19 986 574
	<b>23 175 755</b>	<b>23 175 755</b>
<b>Financial liabilities</b>		
	<b>At fair value</b>	<b>Total</b>
Payables from exchange transactions	10 565 122	10 565 122
<b>2022</b>		
<b>Financial assets</b>		
	<b>At fair value</b>	<b>Total</b>
Receivables from exchange transactions	41 207 309	41 207 309
Cash and cash equivalents	20 433 336	20 433 336
	<b>61 640 645</b>	<b>61 640 645</b>
<b>Financial liabilities</b>		
	<b>At fair value</b>	<b>Total</b>
Payables from exchange transactions	25 129 340	25 129 340

# Buffalo City Metropolitan Development Agency

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Figure in Rands	2023	2022
<b>30. Commitments</b>		
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Operating Lease - Premises	3 763 072	817 784
• Operating Lease - IT Equipment	-	18 343
• Court Crescent Construction - Project Management Fees	-	287 345
• Water World Construction - Project Management Fees	-	140 291
• Provision of Unified Communication - Transversal Contract	-	3 139
• Supply and Implementation of Microsoft 365	-	75 900
• Website hosting and maintenance	-	69 920
• East London Beachfront Precinct Project - Court Crescent	2 187 906	8 425 196
• Upgrade of Water World	-	15 804 941
• Property Finance Advisory Services	5 567 840	5 567 840
• Supply and delivery of Cloud Based Laptop Backup Solution	214 876	214 876
• Duncan Village Buy-Back Centre and Intergrated Waste Management Services	898 382	2 918 601
• Marina Glen B (Ebuhlanti) Little Mauritius and Esplanade	-	331 430
• Decontamination and Microfogging of BCMDA Office	-	21 519
• Provision of Integrated Marketing and Communication Services	1 135 173	1 654 004
• Duncan Village Buy back Centre and Implementation Services	-	1 413 201
• Transactional advisory services deal negotiations, property finance and related advisory services	373 750	603 750
• Provision of brokage technical support and short term insurance for the BCMDA for a period of 3 years	247 444	451 078
• Provision of safety and security services in Quigney, EL CBD, Southernwood for 24 months	1 671 373	4 892 500
• Development of various tourims routes in Buffalo City	1 227 958	1 850 719
• Provision of recruitment agency services	-	30 870
• Leasing of multi-functional copier, maintenance and consumables for 10 months	-	7 132
• Supply and delivery of shipping containers and collection trolleys for Duncan Village Waste Management Programme	-	190 000
• Supply and delivery of refuse bags for the Duncan Village Waste Management Programme	-	1 849 524
• Upgrade and refurbishment of Dr. WB Rubusana gravesite memorial	-	120 615
• Support and maintenance of SAGE evolution and SAGE 300 people	945 209	1 392 000
• Minor upgrade of KWT civic centre as part of BIDS	-	846 688
• Basic Infrastructure provision to the material recovery facility for the Duncan Village Buy-back centre and waste management systems	-	389 620
• Supply and delivery of data for 12 months	-	33 600
• Supply, delivery and installation of office furniture	-	155 580
• Supply and delivery of computer equipment	-	19 000
• Supply and delivery of agricultural inputs - Shushu B village	-	40 211
• Suupply and delivery of computer accessories	-	12 537
• Provision of PR/Media Services for Duncan Village Waste Management Programme	174 562	-
• Provision of Marketing and Branding Services for Duncan Village Waste Management Programme	163 251	-
• Provision of Social Media Services for Duncan Village Waste Management Programme	23 920	-
• Provision of Internal Audit Services for a period of 3 years	981 345	-
• Development of a Digital Events Calendar and a Booking Portal for Events that will be hosted at Court Crescent and Waterworld Recreational Parks	122 000	-
• Development of a Business Improvement District Strategy (Bids) for the Buffalo City Metro, with Oxford Street as the pilot	57 500	-
• Marina Glen B (Ebuhlanti), Little Mauritius and the Esplanade (Eastern Beach to Moore Street Intersection) Cleaning and Landscaping services	367 497	-
• Two Multi-Function Copier Rental, Maintenance and Consumables for 36 Months	163 646	-
• Provision of Project Management Services for the Public Art and Landscaping Components of the Public Employment	294 495	-

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Figure in Rands	2023	2022
<b>30. Commitments (continued)</b>		
• Provision of Safety and Security in the Water World Fun Park Project Site, West Bank EL	365 130	-
• Hosting of BCMDA Disaster Recovery Virtual Server for A Period of 36 Months	246 050	-
• Supply and Delivery of Unified Communication and Mobile Communication Services to the State for a period of 36 Months	1 475 774	-
• Supply and delivery of office supplies	3 973	-
• Supply and Delivery of Office Glass Cabinet	16 675	-
• Lodgment of annual returns	7 600	-
• Supply and Delivery of Laptop bags	12 179	-
• Travelling Arrangements for Ms. Kumbaca	19 368	-
• Caseware Training for OCFO Officials	31 981	-
	<b>22 759 929</b>	<b>50 649 754</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	22 759 929	50 649 754
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised operational expenditure	22 759 929	50 649 754

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. In addition, included above are the commitments in relation to Water World and Court Crescent recreational projects, which are financed by BCMM on a claim basis. It is anticipated that Court Crescent will be concluded by 30 September 2023.

### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	1 526 512	701 819
- in second to fifth year inclusive	2 416 977	-
	<b>3 943 489</b>	<b>701 819</b>

Operating lease payments represent rentals payable by the entity for its office space and two multipurpose printers/copiers. A new contract for office space was entered into and the lease is for a period of three years with an escalation clause of 7% per annum and 9% in the two subsequent years. One of the printers lease period ended during the financial year, and a new lease was entered to for a period of 10 months.

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Figure in Rands	2023	2022
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### 31. Related parties

Relationships	
Directors	Refer to directors' report note
Controlling entity	Buffalo City Metropolitan Municipality
Members of key management	Mr B Nelana (Discharged 28 February 2023) Mr S Peter (Interim CEO) Mr N van Wyk Mr M Sibam Mrs V Ntsodo-Boyce (Contract ended 30 April 2023) Mr S Peter Mr X Jikela Mrs T Hangana Ms N Mpongoshe Mr KL Govender Ms T Tongo

Refer to note 22 for the remuneration of key management and note 23 for the remuneration of Directors.

### Related party balances

#### Amounts included in Trade receivable (Trade Payable) regarding related parties

Buffalo City Metropolitan Municipality	-	38 969 561
Buffalo City Metropolitan Municipality (PEP)	1 903 643	-
Buffalo City Metropolitan Municipality (NDPG)	1 285 538	-
Buffalo City Metropolitan Municipality (NDPG)	(6 397 352)	(9 176 783)

Trade receivables relate to invoices issued to BCMM for the implementation of Water World and Court Crescent recreational projects. The above were outstanding invoices at 30 June 2023. The trade payables relate to an outstanding debt where BCMM paid National Treasury on behalf of BCMDA. The liability relates to unspent conditional grants as at year end.

### Related party transactions

#### Grants Received from related parties

Buffalo City Metropolitan Municipality (VAT inclusive)	50 891 941	48 468 515
Buffalo City Metropolitan Municipality (NDPG) - VAT inclusive	-	14 471 816

#### Project Management Fees from related parties

Buffalo City Metropolitan Municipality (VAT inclusive)	1 952 849	7 656 164
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### Key management information

Class	Description	Number
Non-executive board members	Board of Directors	7
Audit and risk committee	Shared with parent municipality	3
Executive management	Agency management	6
Councillors	Shareholder representative	1

### 32. 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.

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Figure in Rands	2023	2022
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### 32. Risk management (continued)

#### Liquidity risk

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

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. It is evident from the table below that the liquidity ratio is 1.06:1, which means that the entity will be able to settle its debt as the become due.

Current Assets	23 810 460	62 591 338
Current Liabilities	<u>(22 426 120)</u>	<u>(36 818 292)</u>
	<u><b>1 384 340</b></u>	<u><b>25 773 046</b></u>

#### Liquidity Ratio

Current Assets/Liabilities	<u><b>1,06</b></u>	<u><b>1,70</b></u>
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#### Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with 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:

Financial instrument	2023	2022
Cash and cash equivalents	19 986 574	20 433 327

#### 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.

### 33. Going concern

We draw attention to the fact that at 30 June 2023, the entity had an accumulated deficit of R (1 546 979) and that the entity's total liabilities exceed its assets by R (1 546 979).

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 Agency is in currently in a accumulated deficit position. Major contributor being the NDP debt that is to its major shareholder, also being the parent Municipality. An amount of R6.3million was owed to the parent Municipality at year end. The City has further reduced the 2023/24 financial year capital projects budget, which translates to a major reduction in the Agency overall MTREF budget.

The above translate to possible material uncertainties relating to the Agency's going concern which is evidence by the reduction in the Liquidity ratio as compared to the previous financial year.

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 for the entity and that the service delivery agreement was reviewed and signed with the parent municipality on 01 July 2019 and remains effective for the future operations of the entity.

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Figure in Rands	2023	2022
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### 33. Going concern (continued)

The Parent Municipality has approved the Agencies operational grant, which indicated that despite the material uncertainties, the agency will be able to continue its operations for the foreseeable future. At reporting date written confirmation was obtained that the national treasury grant against which the R6.3mil debt to the parent municipality existed, was approved to continue. This further indicated the possibility of recouping these funds from the grant, thereby offsetting the debt owed by the agency.

The Agency further appointed a new Board of directors for a period of 5 years. This was endorsed by the parent municipality indicative of the intention to maintain the agency as a going concern by strengthening governance structures.

Management has further embarked on a drive to obtain additional funding sources in order to ensure that decreased dependency on the parent municipality. These initiatives are expected to bear results in the medium to long term.

### 34. Events after the reporting date

During the financial year, the Accounting Officer (Mr B Nelana) was discharged and relieved of his duties. The Board took a discussion to appoint an interim CEO to act in the capacity of BCMDA's Accounting Officer and Mr S Peter was appointed as the interim CEO in August 2023. In addition the contract of the Chief Financial Officer came to an end during the financial year and there was a recruitment process which resulted in the appointment of Mrs B Lubelwana as CFO for BCMDA in August 2023.

### 35. Fruitless and wasteful expenditure

Opening balance as previously reported	508 155	121 155
Add: Fruitless and wasteful expenditure identified - current	12 164	6 819
Add: Fruitless and wasteful expenditure identified - prior period	-	387 000
Less: Amount recovered - current	(12 148)	(6 819)
<b>Closing balance</b>	<b>508 171</b>	<b>508 155</b>

The opening balance is made up of fines and penalties that were charged by SARS and the Department of Labour in the 2018/19 financial year. Engagements with SARS in trying to resolve the issue failed and the amount is currently under investigation as required by the MFMA. Included in opening balance is a figure of R387 000 which emanates from the conclusion or findings made as reported in the Financial Misconduct Disciplinary Board's report. The figure is largely made up of invoices paid and a final determination is yet to be made as the investigation is still under way.

Fruitless and wasteful expenditure is presented inclusive of VAT. The majority of the balance is as a result of the Agency having to pay for expenditure incurred by the Board of Directors which was not previously agreed upon, these amount to R12 148. The monies are then recovered from the board claim submissions. Included in the balance are fines and penalties from SARS which amount to R16.

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Figure in Rands	2023	2022
<b>36. Irregular expenditure</b>		
Opening balance as previously reported	-	398 730
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	26 271 445	87 584 827
Less: Amount written off - current	-	(87 983 557)
<b>Closing balance</b>	<b>26 271 445</b>	<b>-</b>

Irregular expenditure is presented inclusive of VAT.

There is no opening balance as this was written off in the prior year following an investigation and a Board approval.

The majority of the current year irregular expenditure disclosed above was as a result of non compliance with the Supply Chain Regulations in relation to composition of the Bid Adjudication Committee. This amount is R25.9 million.

There was also irregular expenditure incurred during the financial year amounting to R0.3 million which 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. The current year irregular expenditure is under investigation by the internal auditors as required by section 102 of the MFMA.

Included in the irregular expenditure incurred during the year is an amount of R0.5 million relating to extension of the Office Space Accommodation contract without following applicable legislation.

### 37. Additional disclosure in terms of Municipal Finance Management Act

#### PAYE and UIF

Opening balance	589 580	603 189
Current year contributions	10 524 359	6 082 851
Amount paid - current year	(10 045 808)	(6 096 460)
	<b>1 068 131</b>	<b>589 580</b>

#### Provident fund contributions

Opening balance	134 818	117 794
Current year contributions	2 049 342	1 791 473
Amount paid - current year	(2 047 306)	(1 774 449)
	<b>136 854</b>	<b>134 818</b>

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### 38. Deviation from supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that 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.

Investigation services into alleged financial misconduct as well investigation of the contract of the CEO, were procured through Regulation 36 provisions during the financial year under review. Attorney services were also procured through Regulation 36 to attend to an urgent court application in respect of office accommodation. The reasons for these deviations were documented and reported to the board who considered them and subsequently approved the deviation from the normal supply chain management regulations.

#### Supplier details:

Lunika Chartered Accountants & Auditors	-	28 336
WMS Forensic & Financial Consulting (Pty) Ltd	-	116 000
IC Clark Inc Attorneys.	144 820	-
Sakhele Inc Attorneys	2 076 584	-
Tsika Attorneys Incorporated	860 073	-
Mabece Tilana Inc	408 718	-
Pharaoh Security Services	172 215	-
	<b>3 662 410</b>	<b>144 336</b>



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### 39. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

#### Details of the arrangement is as follows:

BCMDA is a development agency of the BCMM and has a responsibility of ensuring 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, BCMDA appointed contractors to commence with the construction of both Water World and Court Crescent. The City retains control of the assets, are therefore not recorded in the BCMDA's accounting records, rather the City's. invoices received from contractors are recorded as payables and a BCMM receivable is recognised in the Statement of Financial Position, since the funds to settle contractors invoices are claimed from BCMM as and when invoices are received. In total R21.2 million (2021/22: R83.2 million) are invoices that were received and claimed from the City. BCMDA further bills the City project management fees of 8% of the invoices received from the service providers at the abovementioned recreational sites. This is the only real transaction recorded by BCMDA in relation to the arrangement.

The entity is therefore an agent in this arrangement with the City.

#### Entity as agent

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R1 698 129 (2022: R6 657 534).

##### 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 2023 amounting to R1.2 million.

Corresponding rights of reimbursement that have been recognised as assets are invoices billed to the City amounting to R3.1 million. A portion of the receivables was subsequently paid by the City.

### 40. Alleged financial misconduct investigation

An alleged financial misconduct incident was identified in the prior financial year. The Accounting Officer undertook appropriate steps by appointing Lunika Chartered Accountants, who were the Internal Auditors to conduct a preliminary investigation as outlined in the Financial Misconduct regulations. The outcomes of the preliminary investigation warranted a full investigation, wherein a Financial Misconduct Disciplinary Board was established, with the appointment of the Independent Chairperson. The terms of reference for the full investigation were approved by the BCMDA Board on 29 October 2021. The outcome of the investigation was noted by the BCMDA Board in a Special Board meeting that was held on 22 August 2022. In the year under review prosecution services are in progress and expected to be concluded in the subsequent financial year.

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### 41. Contingencies

The Accounting Officer is not aware of any contingent liabilities as at 30 June 2023.

Details of contingent liabilities	2023	2022
Thembeke Doreen Tongo - Miss Thembeke Tongo launched an application with the CCMA after her dismissal. The dismissal was as a result of non-confirmation of employment after probation period.	284 807	-
Thulisiwe Catherine Hangana - Miss Thulisiwe Hangana launched an application with the CCMA after her dismissal. The dismissal was as a result of non-confirmation of employment after probation period.	6 508 540	-
Mvusuludzo Projects cc - Mvusuludzo Projects was appointed to construct the WaterWorld Fun Park located at the Racing Track East London. Their contract was terminated due to non-performance and a dispute ensued as to validity of the invoice submitted in relation to works performed. An arbitration was embarked on this regard and an award was issued validating the termination. Parties were ordered to calculate amounts due which were not concluded at reporting date.	Amount can not be quantified due to outstanding assessments to be performed by affected parties.	-
Mariswe (Pty) Ltd - Contract was terminated between BCMDA and Mariswe due to design which were not according to the scope of the Agency, this led to a termination. Mariswe instituted legal proceedings which resulted in a letter of demand for a payment of R1 million in relation to services rendered. It is currently being defended by the Agency's lawyers.	1 075 427	-

### 42. Prior period errors

In the prior year, errors occurred in relation to Provision - Retentions as well as Provision - Performance Bonus. Firstly, the provision liability was overstated by an amount of R113 142, this was due to the Agency miscalculating the retention held on the Braai Facilities - Ebuhlanti project. This required an adjusting entry to be passed in the prior period to correctly disclose the retentions in the prior year. Lastly the Agency had not reversed the provision for performance bonus for prior years, the non-reversal amounted to R803 705. This error was identified by management in the current financial year.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Provisions - Retentions	-	113 142
Provisions - Performance bonus	-	803 705
VAT	-	(14 758)

#### Statement of financial performance

Retentions	-	(98 384)
Performance bonus	-	(803 705)

#### Cash flow statement

##### Cash flow from operating activities

Retentions	-	98 384
Performance bonus	-	803 705
	-	<b>902 089</b>

