BUFFALO CITY
METROPOLITAN MUNICIPALITY



2023/24
ANNUAL REPORT

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TABLE OF ABBREVIATIONS.

AG	Auditor General Of South Africa
ANC	African National Congress
AEL	Atmospheric Emission Licence
BCMM	Buffalo City Metropolitan Municipality
BCMDA	Buffalo City Metropolitan Development Agency
BKCOB	Border Kei Chamber Of Business
CAPEX	Capital Expenditure
CIDMS	City Infrastructure Delivery Management System
CM	City Manager
CR	Credit Rating
COGTA	Department Of Cooperative Governance And Traditional Affairs
DMA	DISASTER MANAGEMENT ACT (No. 57 Of 2002)
DMC	Disaster Management Centre
DORA	Division Of Revenue Act
DRPW	Department Of Roads And Public Works
EPWP	Expanded Public Works Programme
FY	Financial Year
GVA	Gross Value Added
HACCPS	Hazard Analysis And Critical Control Points System
HH	Households
HDA	Housing Development Agency
HOD	Head Of Department
IDP	Integrated Development Planning
IDZ	East London Industrial Development Zone
ICT	Information And Communication Technology Services
I.G.R	Intergovernmental Relations
IOD	Injury On Duty
ISUPG	Informal Settlement Upgrading Programme Grant
IRDP	Integrated Residential Development Programme
I.W.M.P	Integrated Waste Management Plan
KPI	Key Performance Indicator
KWT	King Williams Town
LED	Local Economic Development
MBSA	Mercedez-Benz South Africa
MGDS	Metro Growth And Development Strategy (Vision 2030)
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
MSA	Municipal Structures Act
NCOP	National Council Of Provinces
NHLS	National Health Labotary Services
NHNR	National Housing Needs Register
OPEX	Operational Expenditure
PEP	Public Employment Programme
PMS	Pavement Management System
PPP	Public-Private Partnership
RDP	Reconstruction And Development Programme
RSA	Republic Of South Africa
SCM	Supply Chain Management
SDBIP	Service Delivery And Budget Implementation Plan
SSETA	Services Sector Education And Training Authority
SDF	Spatial Development Framework
SHI	Social Housing Institutions
SMME	Small, Medium And Micro Enterprise
IUDF	Integrated Urban Development Framework

ABOUT BCMM'S 2023-24 ANNUAL REPORT

Statutory Reporting Requirements.

The Municipal Finance Management Act (MFMA), the Municipal Systems Act (Section 46) and National Treasury's MFMA Annual Report Circular 63 require the Buffalo City Metropolitan Municipality (also referenced as "BCMM") and its municipal entity to prepare an annual report for each financial year covering both financial and non-financial performance. The report is informed by guidelines provided by the International Integrated Reporting Council (IIRC) and considers the reporting priorities outlined in the King Code of Governance for South Africa (2016) (King IV). This report is structured as follows:



The Annual Report covers the period 1st July 2023 to 30th June 2024.

The boundary of this report is limited to performance reporting as it relates to the Buffalo City Metropolitan Municipality during the 2023/24 financial year. Where applicable, the boundary extends to reporting on performance by the Municipal Entity that facilitates service delivery on behalf of BCMM, and as mandated by the BCMM.

The report aims to reflect its commitment to a measured and integrated approach to its strategy and operational practices, as well as the reporting of its economic, social, and environmental impacts. Using an integrated reporting format, and application of globally recognized governance and sustainability reporting frameworks, this report aims to offer stakeholders a clear view of how BCMM strategy, governance, performance, and prospects, in the context of its external environment, leads to the creation of value over the short, medium, and long term.

Key Features of The Report.

Key features of this report include but are not limited to:

- Key financial ratios and statistics
- A comparison between the aggregate annual or revised operational & capital budgets and actual results obtained, with appropriate comments on the reasons for any material variations between these amounts
- A comment on the metro's actual cashflows for 2023/24 FY, and an explanation of any significant positive or negative deviations from the cashflow estimates accompanying the annual or adjustment budget.
- An overview of 2024-25 FY operating & capitals, with a brief comment on the salient features of these budgets, and on how these budgets compare with and the actual results of 2023-24 FY.
- An assessment of the payment levels for rates and service charges for 2023-24 FY, and an indication of what has been and will be done to improve payments.
- A comment on the treatment of any unappropriated surpluses or accumulated deficits.
- The extent to which BCMM has used and continues to be dependent on external grants & subsidies.

- A comment on the status of BCMM's reserves and on their adequacy in terms of BCMM's likely future financial requirements.
- Any post-balance sheet events which have a material bearing on BCMM's financial position or on any of the information contained in the AFS.
- The extent to which important financial risks have been managed.
- The actual financial performance of each budget vote (capital & operational) against the original or revised budget provisions for each vote.
- Explanations for any significant over or under-expenditure and any significant under-recoveries of income.
- Actual performance of each budget vote and each revenue source against the performance targets for such vote and source, as adopted with the annual or adjustment budget and as reflected in the SDBIP.
- Explanations for any significant over or under performance.
- The management structure of BCMM, including names and qualifications of the HoD's, City Manager and CFO.
- The main events and considerations determining BCMM's performance during 2023-24FY, as well as those likely to influence future performance.
- A critical comment on any matters of importance raised in the performance reports of HoD's and CFO.
- BCMM's objectives, contained in the IDP with a note on the long-term capital budget requirements of the IDP.
- The extent to which BCMM's performance during 2023-24 FY was in line with the IDP.
- Good governance matters, including comments on the status, activities and recommendations of BCMM's Audit Committee, on the composition, structure and activities of the internal audit unit and on the extent to which BCMM has complied with its key policies and its legal obligations in terms of the MFMA, the Property Rates Act and MSA.

Assurance.

BCMM's oversight committees, such as the Audit Committee oversee the integrity of the annual report. Council, through its Municipal Public Accounts Committee also considered this report as part of Council's oversight process between February and March 2025.

The Auditor General South Africa audited BCMM's reported financial and non-financial performance. The report is made available to all relevant state organs and BCMM's stakeholders.

COMPONENT A
EXECUTIVE MAYOR'S FOREWORD



EXECUTIVE MAYOR
COUNCILLOR P. FAKU

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD.

EXECUTIVE MAYOR'S ANNUAL REPORT FOREWORD

A. VISION

On behalf of the Buffalo City Metropolitan Council and officials, I hereby present this Annual Report for the financial Year 2023/2024.

This report will outline our performance on the targets we set ourselves to do over this period. The report will give our stakeholders and communities an insight into the performance and achievements of the Buffalo City Metropolitan Municipality.

Our resolve is based on servicing our communities wherever they live. The current Annual Report outlines our successes and shortcomings in relation to our political mandate as provided in the key focus areas of Local Government.

We are mandated to build a Metro that is efficient, effective and responsive. To also accelerate service delivery and supporting the indigent.

It is important to note that these mandates can never be successful on their own, it becomes important that as a collective, we work together in identifying the challenges raised by our communities in the Integrated Development Plan roadshows and rectify them immediately.

These objectives always need a financial muscle and viability to make sure we achieve our targets. 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 BCMM 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.

But BCMM 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.

Our vision is clearly expressed in the Metro Growth and Development Strategy (MGDS) vision 2030.

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

Equally so, we need a Metro that also attracts investments that will eventually create job opportunities for our Citizens.

In 2023, there were a total number of 178 000 people unemployed in Buffalo City, which is an increase of 92 900 from 84 700 the previous financial year.

The total number of unemployed people within Buffalo City constitutes 17.09% of the total number of unemployed people in Eastern Cape Province.

The Buffalo City Metropolitan Municipality experienced an average annual increase of 7.69% in the number of unemployed people, which is worse than that of the Eastern Cape Province which had an average annual increase in unemployment of 6.77%.

When comparing unemployment rates among regions within Buffalo City Metropolitan Municipality, Mdantsane, Chalumna Sub-metro Region has indicated the highest unemployment rate of 43.9%, which has increased from 29.3% in 2013.

The East London Sub-Metro Region had the lowest unemployment rate of 40.0% in 2023, which increased from 25.0% in 2013.

B. KEY DEVELOPMENTS:

The municipality has improved the number of households with access to sanitation services in the year under review.

Buffalo City Metropolitan Municipality (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 municipal Water Division achieved 99% compliance with prescribed national water quality standards in the year under review.

The Sanitation Division set a target of 45% compliance of effluent quality from its wastewater treatment works. This target was set in recognition of required improvements to wastewater treatment due to ageing infrastructure, less robust treatment technology used in some treatment works, and overloading in some systems.

As the municipality continues to grow, large-scale investment in wastewater infrastructure is required to add capacity and keep up with the latest technology and treatment standards. The metro has therefore invested close to R960 085 461 in wastewater treatment works and bulk infrastructure since 2015/16. The municipality has recently spent over R 220 million upgrading Reeston Wastewater Treatment Works, in preparation for diversion of Central Wastewater Treatment Works, to open development in Amalinda, Wilsonia, Reeston, and other adjacent areas. Similarly, the municipality will soon commission the newly upgraded Zwelitsha Wastewater Treatment Works, to open development in Qonce and surrounding areas.

Buffalo City Metropolitan Municipality undertakes to prioritise housing and related services, identify and designate land for human settlements development, initiate, co-ordinate, facilitate, promote and enable appropriate human settlements development as mandated by the Constitution of the Republic of South Africa.

The BCMM Human Settlements Directorate also undertakes to take steps to ensure that the residents of its area have access to sustainable housing on a progressive basis. Furthermore, to ensure that the environment in which they are living is of good quality of life with good health and safety standards.

BCMM has 115 024 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.

There are Social Housing projects within Buffalo City Metro which are administered and funded by Provincial Department of Human Settlements, those projects such as Own Haven Housing Association which consists of 249 Units and are fully tenanted, Hlala Nathi Social Housing which is going to yield 603 Units but the project is blocked due to funding agreement and other legal related matters, Belgravia Valley

Phase 3 which is going to yield 370 Units and the project is blocked due to lack of demand by potential tenants etc.

In order to improve service delivery in terms of social housing development, the Directorate assisted in the application of restructuring zones to be gazetted such as Mount Ruth and Mdantsane CBD.

There are also Social Housing Institutions (SHIs) and developers that are interested to develop social housing units within BCMM, but those SHIs are still on planning stage.

It should be noted that a major challenge for the Buffalo City Metropolitan Municipality has been a lack of abundantly well-located, affordable land for human settlement creation as well as land invasion.

The public land is vested in the state, and it has proven to be a very difficult exercise to acquire state land as compared to acquiring privately owned land. Acquisition of more land by the BCMM needs to be prioritized

Equally there have been challenges too like aging infrastructure, electricity vandalism, cable theft and a number of disasters like flooding because of the climate conditions.

On infrastructure, we are still challenged by land invasion.

But the Built Environment Performance Plan (BEPP) which was introduced by the National Treasury as a planning tool to co-ordinate built environment grants to achieve spatial transformation focusses on the Urban Settlements Development Grant (USDG), the Human Settlement 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 is well underway and working.

C. KEY SERVICE DELIVERY IMPROVEMENTS

The statement of financial position for 2023/24 reflects a favourable position as the Metro is having excess assets over liabilities resulting into the net worth of R32, 272 billion.
BCMM can still meet its financial obligations.

The Metro's Cash and Cash Equivalent at year-end amounted to R0,720bn, which is an improvement from the R0,679bn held at the end of 2022/23 financial year.

The City's capital expenditure for the year under review amounted to **R1.184 billion** which represents 88% inclusive of vat of its capital budget spent, compared to **R1.462 billion** for 2022/2023, which represented 105%.

The capital expenditure incurred in the 2023/2024 financial year was funded through grants and subsidies and own funding.

Buffalo City Metropolitan Municipality spent 98% 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 88% of its total own funded capital budget.

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 BCMM is faced with development backlogs that emanate from historical background.

Furthermore, economic circumstances, such as increasing rate of unemployment and poverty impact the ability of households to pay their accounts.

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

Another milestone we achieved is the opening of the Ebuhlanti Taxi Rank, which was handed over to the taxi associations. The project cost is at R17m.

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.

BCMM is experiencing a total number of households increased at an average annual rate of 1.56% from 2012 to 2022, which is higher than the annual increase of 1.62% in the number of households in South Africa.

The increase comes with challenges like immediate need of water, electricity and sanitation.

Buffalo City Metropolitan Municipality had a total number of 140 000 (or 51.91%) households with piped water inside the dwelling, a total of 68 400 (25.42%) households had piped water inside the yard and a total number of 2 110 (0.78%) households had no formal piped water.

The regions within Buffalo City Metropolitan Municipality with the highest number of households with piped water inside the dwelling is East London Sub-metro Region with 57 300 or a share of 41.04% of the households with piped water inside the dwelling within Buffalo City Metropolitan Municipality.

The region with the lowest number of households with piped water inside the dwelling is Macleantown, Sandisiwe Sub-metro Region with a total of 10 200 or a share of 7.32% of the total households with piped water inside the dwelling within Buffalo City Metropolitan Municipality.

Buffalo City Metropolitan Municipality had a total number of 5 020 (1.86%) households with electricity for lighting only, a total of 251 000 (93.26%) households had electricity for lighting and other purposes and a total number of 13 100 (4.88%) households did not use electricity.
The region within Buffalo City with the highest number of households with electricity for lighting and other purposes is East London Sub-metro Region with 101 000 or a share of 40.17% of the households with electricity for lighting and other purposes within Buffalo City Metropolitan Municipality.

The Region with the lowest number of households with electricity for lighting and other purposes is Macleantown, Sandisiwe Sub-metro Region

with a total of 19 700 or a share of 7.84% of the total households with electricity for lighting and other purposes within Buffalo City Metropolitan Municipality.

Drawing on the household infrastructure data of a region is of essential value in economic planning and social development.

The major capital infrastructure budget projects that require prioritisation are the following:

- West Bank Restitution of 2 025 internal services sites in total
- Mdantsane zone 18 cc 1 500 sites (need road construction)
- Reeston Phase 3 stage 2 of 1 650 internal services site
- Boxwood Housing Project Bulk Infrastructure to services about 4000 internal services sites in total.

Assessing household infrastructure involves the measurement of these indicators:

- Access to dwelling units
- Access to proper sanitation
- Access to running water
- Access to refuse removal
- Access to electricity

A household is considered "serviced" if it has access to all four of these basic services. If not, the household is part of the backlog.

D. PUBLIC PARTICIPATION

In the year under review, BCMM officials have crisscrossed the City meeting various communities and attending to their concerns whilst carefully listening to suggestions on how to improve service delivery. We have also intensified our interactions with key stakeholders including traditional leaders, business sector, labour and non-governmental organisations. As the City we have a couple of platforms for public engagement.

We have the Integrated Development Plan, Budget Roadshows and the Mayoral Imbizo Programme.

Some of the engagement we had this financial year under review was ward visits to visit ratepayers to explain about the different schemes we have as the metro including Indigent subsidies.

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.

Every month, with the monthly billing, the indigent subsidy is granted on the Indigent Beneficiaries' accounts. For free basic electricity, customer claim their 50kWh every month via the vending system.

The Council of BCMM has an operating Ward Committee Public Participation Framework whose sole intention is to foster direct involvement of residents and local organisations in the decision-making and further fosters accountability by public representatives.

Councillors are thus expected to have monthly meetings in their wards where the receive people's suggestions and report on progress on earlier made proposals.

E. FUTURE ACTIONS

BCMM has received level 2 certificate to be able to build our own houses instead of waiting for Human Settlements to do that on our behalf. That is a great milestone that we have achieved as this Metro Municipality.

To fulfil our mandate of improving the lives of the people of Buffalo City Metro we will continue to allocate 70% of our total capital budget to infrastructure development.

BCMM continues to spend funds on provision of water, building of roads and the servicing and upgrading of our electricity network.

Through Operation Valazonke, the BCMM has spent more money in patching thousands of potholes and resurfacing a number of roads in all three regions namely Coastal, Midland and Inland.

Other projects we have is the:

- Wastewater treatment plants supported by Germany
- Reeston Tunnel project
- Electricity project of electrifying informal settlements
- Continuous fixing of our roads through Operation Valazonke
- SANRAL road projects
- Housing developments in Mdantsane's 18cc Unit

There is a good improvement in our roads network. The BCMM Roads branches core responsibility is to provide a safe all-weather roads network for all road users within the municipality. The provision of transportation infrastructure, namely roads is a key service which greatly impacts on the daily lives of residents and businesses.

Roads that are well-maintained and properly designed not only enhanced the overall safety for motorists and pedestrians but also contributes to efficiency and economic growth.

Investors and private individuals alike consider mobility and access as key factors when deciding to invest or settle in a city. BCMM is well placed as a transportation hub with multiple modes of transportation for people goods and services centrally located.

The Harbour, Airport and Rail linkages are all well placed in close proximity to the west bank precinct which is a key catalytic area for the growth and development of the city.

The recent upgrade of Settlers Way and Military Road has greatly improved the road linkage between these modes of transportation.

With such infrastructure upgrades, our Ocean Economy will be thriving as we have Ship Repair dock with Operation Phakisa earmarked for East London.

The Port of East London has received two tugboats that were christened this year, marking the completion of Transnet National Ports Authority's (TNPA) R1 billion investments in its marine fleet renewal programme.

We have socioeconomic priorities as we are committed to develop a Regional Economic Framework to increase investment confidence and achieve socioeconomic goals.

The Roads Branch had an annual capital budget allocation of R 152 million for upgrading of roads, rehabilitation and resurfacing of surfaced roads, and re-gravelling of rural roads.

An amount of R 98 million was allocated under the operational budget for the maintenance of existing roads and road furniture.

The Roads Branch achieved all 4 of the service delivery targets for the 2023/2024 financial year as per the Service Delivery Budget Implementation Plan (SDBIP) targets.

100% of the R 152-million capital budget was spent, and 100% of the allocated R 98-million operating budget was spent.

One of our on-going efforts to enhance our infrastructure, Roads Branch has successfully implemented two multi-year projects. These initiatives are aimed at improving the transportation network and smooth travelling by our communities.

F. AGREEMENTS/PARTERSHIPS

China:

As the Metro we need to have solid partnerships with investors not only from within our country but from abroad. Our MGDS vision 2030 forces us to have these partnerships.

The National Government is in the process of co-ordinating the entirety of our country towards the implementation of the District Development Model.

We have stakeholders like MBSA, Transnet, TNPA, Eskom, Prasa and others who are critical in our investment strategies as the Metro.

We also continue to have partnership with other sister Cities internationally.

Recently BCMM team led by the Executive Mayor and the City Manager and other delegations made a visit to China with some potential investments for the City.

They were part of a delegation, accompanying the Eastern Cape Premier Oscar Lubabalo Mabuyane and MEC for Economic Development, Nonkqubela Pieters.

The pivotal trip was aimed at cementing economic diplomacy and position the Eastern Cape as a prime destination for global trade, investment, and tourism.

On the trip the delegation engaged in high-level talks with leaders to explore potential areas of cooperation across multiple sectors.

The focus areas included agriculture, energy, e-commerce, tourism, nature conservation, the electric vehicle value chain, artificial intelligence, industrial park efficiency, people-to-people relations, and reciprocal workforce placement.

Amongst the areas that the BCMM delegation visited was the Leapmotor Electric Vehicle car manufacturer. The purpose of this visit to the car manufacturer was to look at investment opportunities for the City.

We aimed to also collaborate with the City of Jinhua's alternative energy sector.
BCMM has had partnership with Chinese Cities since about 25 years ago. Between 1998 and 1999, the former East London Transitional Council initiated agreements with several Chinese cities, laying the foundation for Sister City relationships. Notable partnerships were formed between East London Municipality and cities such as Ningbo, Qinhuangdao, Daqing, Jilin, and Changchun in China.

In light of these historical ties, Sister City relationship between BCMM and the City of Jinhua, China is regarded as the longest standing partnership established in 1997.

The partnership agreement was renewed in April 2024 in East London, when a team from the City of Jinhua visited the City Hall.

Buffalo City Metropolitan Municipality would greatly benefit from expertise, experiences in the agricultural sector.

BCMM promoted the benefits of South African beef and indicated interest in growing beef and other meat export to China through the East London Port.

The Metro delegation also expressed interest in Cooperation of the Grand Prix Track in BCMM with Daqing Grand Prix Track.

Both cities have racetracks, however Daqing City is successfully utilising this asset to grow motor sport tourism which could benefit BCMM.

Germany:

Buffalo City Metropolitan Municipality (BCMM) has a twinning agreement with the City of Oldenburg in Germany. The agreement was signed in October 2012.

Currently the programme Buffalo City Metro is participating in together with the City of Oldenburg is the 50 Climate Change Partnership Programme by 2015 and the Renewable Energy programme which is funded by the Engagement Global.

The programme focusses on:

- Water Management - water being a scarce and threatened resource.
- Energy Efficiency- demand that is not met and the need to explore greener solutions better for the environment.
- Waste Management - challenges experienced with waste management and its current negative impact on a safe and healthy environment
- Environmental Management - need for better management of green open spaces, and
- Environmental Education for Sustainable Development - to create awareness, to change our thinking on sustainable development and climate change, improve knowledge and capacity and increase stakeholder involvement and participation.

Some of the projects funded through the Climate Change programme and have successfully been implemented in BCMM through the partnership include the:

- Model Energy Efficient Public Building at Beacon Bay Electricity Offices.
- Solar panels at the Nahoon Estuary Reserve Environmental Centre.
- Upgrading of the Boardwalk at Nahoon Estuary Reserve (current project).
- The German Settler Monument Upgrade.
- Awareness of Scarce Water Resources Project.

BCMM is currently cooperating with the Water Authority of the City of Oldenburg, OOWV with the BCMM Water Department, looking and water security and a stable water network.

G. CONCLUSION

Residents and stakeholders of Buffalo City Metropolitan Municipality, we are presenting to you this 2023/2024 Annual Report.

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.

As BCMM we have made strides towards the achievement of this vision.

This report shows we have made substantial progress, and we are happy that residents, through our Mayoral Imbizo campaigns and the IDP roadshows that they do acknowledge what we are doing and have done.



T 1.0.1

COMPONENT B
EXECUTIVE SUMMARY



CITY MANAGER
MR MXOLISI YAWA

COMPONENT B: EXECUTIVE SUMMARY.

1.1. CITY MANAGER'S OVERVIEW.

We are presenting the 2023/2024 Annual Report to residents and stakeholders of Buffalo City Metropolitan Municipality (BCMM) as an account of progress on developments in the city.

This report details how we run the municipality and implement development projects. The report shows that significant progress has been made in delivering critical projects and changing the face of Buffalo City for the better. Where there are challenges, we acknowledge these with the understanding that we have learnt from them.

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 is reviewing the strategic direction of the organization, more particularly the MDGS and aligning it with current realities. This is particularly important because the whole government is gradually moving towards fully implementing the District Development Model in terms of strategic planning and implementation.

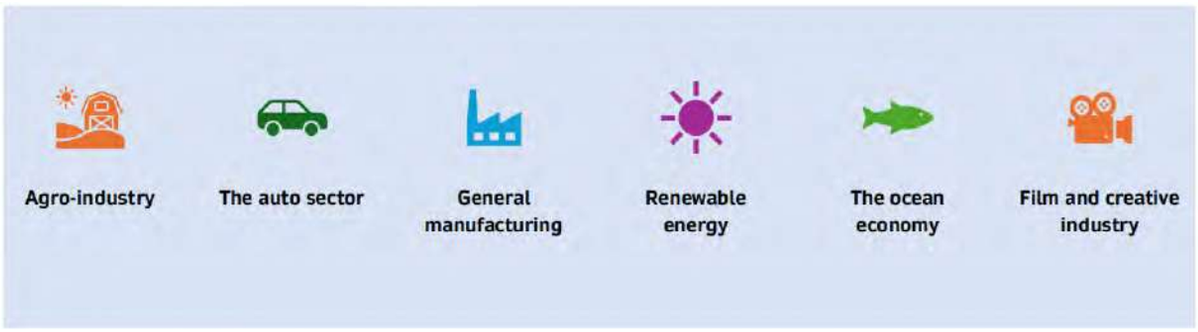
The annual report highlights that Buffalo City remains an operational urban centre that provides services to its residents and consumers. The city delivers key housing and road construction projects, alongside essential services like electricity, waste management, and water and sanitation. The substantial infrastructure investment that has been made over the years has not only enhanced the quality of life for Buffalo City residents but has also raised the value of the city's infrastructure assets.

The metro is the gateway to the province due to its central location and logistics advantage, boasting air, road, rail, and sea logistics. It is also the home of provincial administration. This advantage has allowed it to be the centre of gravity for attracting a vibrant range of primary, secondary, and tertiary investments, businesses, and support services. With a population of just under a million (975 255), which is largely youth, it has a solid skilled workforce in several sectors, including financial services, trade, and manufacturing.

This workforce is supported by several world-class training and academic institutions. The metro is also home to several investors, including Mercedes-Benz South Africa and Johnson & Johnson.

In further securing its position as an ideal investment destination, the Metro, through the National government, continues to support the East London Industrial Development Zone garner more investments. This work is part of a broader metro wide programme of stimulating growth and creating jobs as outlined in its bold Metro Growth Strategy vision 2030.

Key sectors targeted for development include amongst others.



The municipality's commitment to improving the investment climate is marked by a number of critical infrastructure projects that have been recently undertaken, such as the following:

- Sleeper Site Road Infrastructure Project.
- Settlers Road Upgrade Project.

These projects have allowed for improved logistics and easier movement of goods.

The metro boasts of having a long stretching coastline of 68km with eight exciting beaches, making it ideal for family fun, exploring, and hosting all sorts of events, which have included the world-acclaimed Buffalo City Regatta and the Ironman half challenge. For those who prefer to be inland, the Metro has several exciting options, including game tours and hiking trails.

The cosmopolitan nature of its people and different cultures provides an exciting bouquet of culinary and hospitality experiences, being host to a number of fine establishments such as the Garden Court Hotel and the International Convention Centre.[i]

Having said all the above, it is worth noting that rising unemployment rates and economic contraction has 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. BCMM 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 because of the issues mentioned above. BCMM has limited liquidity sources to mitigate against the current cash flow pressures, this is confirmed by the Credit Rating for 2023/2024 which is (Long term: A-(za) and Short-term: A2(za)) with the ratings outlook being Negative.

BCMM tries 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 BCMM as well as a financial recovery plan, to achieve operational efficiency. These measures are being implemented to ensure the future viability of the institution and to focus on reducing the negative impact on the residents within the City's boundaries. Information related to the revenue trend by source, expenditure by type including borrowings undertaken by the municipality is covered under section 1.4 as well as in section 5 (T5.1.0) of this report

OVERVIEW OF INVESTMEMT PORTFOLIO OF STRATEGIC AND CATALYTIC LAND DEVELOPMEMT PROGRAMMES AND PROJECTS

Over the last few of years, planning, budgeting, and reporting reforms have sought to implement spatial transformation through grant reform. In addition, a renewed national focus on strategic infrastructure planning and delivery has promoted the Portfolio and Programme Management Approach introduced by the National Treasury through the Cities Support Programme. The Cities Infrastructure Delivery Management System (CIDMS) and Catalytic Land Development Programmes (CLDPs) serve as guidelines and tools to augment and coordinate targeted infrastructure investment and service delivery in Buffalo City. In addition to the Urban Settlements Development Grant (USDG), the Informal Settlements Upgrading Partnership Grant (ISUPG) and the Neighbourhood Development Programme Grant (NDPG), the newly formulated Project and Programme Preparation Support Grant (PPPSG) assists the city in planning and preparing for improved infrastructure investment and delivery through investment in preparation of high impact and innovative infrastructure projects.

As the city focuses on the implementation of its Catalytic Land Development Programmes and Projects (CLDPs), multi-year budgeting for strategic projects has been integrated into the City's Integrated Development Plan (2024-25). The portfolio and programme-based management approaches to

implementation ensure strategic transversal coordination, planning and budgeting towards transformative interventions in the built environment.

Catalytic investments 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.

Over the past couple of years, the Built Environment Performance Plan 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 though within strategic transport corridors and integrated them into its broader built environment development goals, future growth perspective and trajectory of the city.

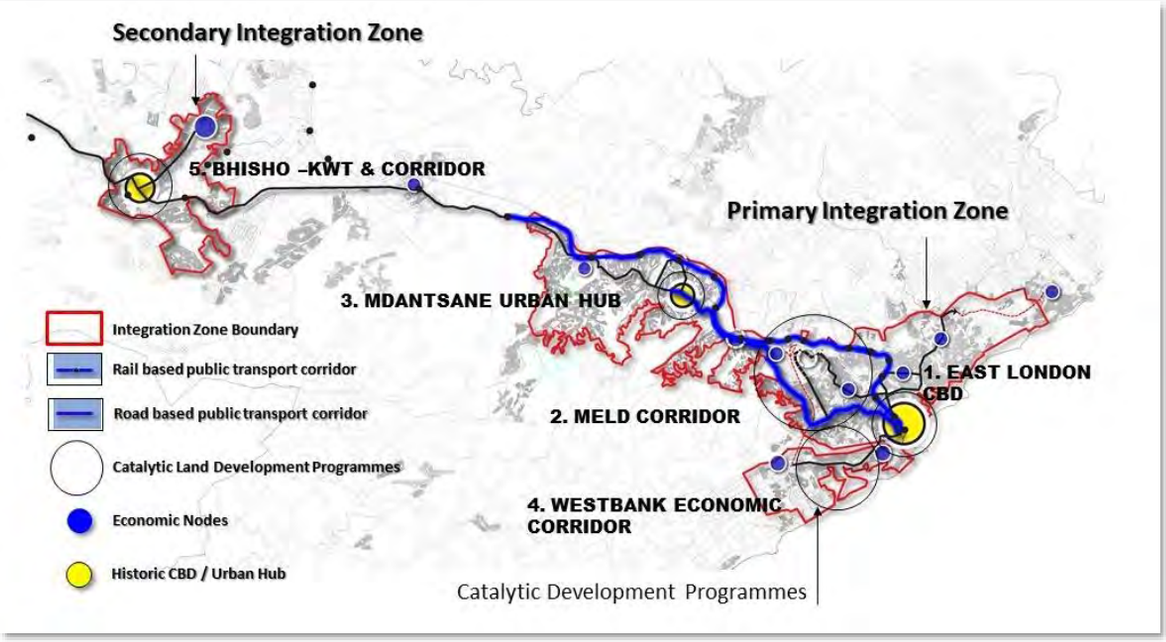


Figure 1. The spatial targeting approach focusing on a catalytic portfolio of projects

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 integration 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

Our mission to ensure the efficient, effective, sustainable, and orderly development and operation of the electricity supply infrastructure in the BCMM licensed area of supply has been upheld by our Electricity and Energy Department. We have achieved this by making sure that the needs and interests of end users and current and potential electricity customers are protected. We have also promoted the use of a variety of energy sources and energy efficiency, coordinated universal access to electricity, and further facilitated investment in the electricity supply infrastructure.

R 89.915 million has been Invested In upgrading, renovating, and replacing equipment that has outlived its useful life as part of the ongoing capital funding investment into the electrical network to fulfil this mandate. 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.

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 89,915 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.

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The metro is currently exploring various ways and means of preserving power in its own facilities. Amongst others, the municipality is exploring options of using renewable energy such as installing solar panels as well as other grid-friendly options such as wind energy.

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

a) Electrification of 328 low-income dwellings, including bulk infrastructure at a cost of
b) R15,7 million in grant funding
c) Investment of R 89,915 million into the electrical network in terms of upgrade, refurbishment, and renewal
d) Installation of 6 high-mast lights at a cost of R 4.6million

Water and Sanitation Services

Water Supply Services

Buffalo City Metropolitan Municipality has been commended for providing a highly acceptable water supply to the consumers in its jurisdiction. Despite the challenges stemming from ageing infrastructure and everchanging household dynamics persist. Our unswerving pursuit of elevated service provision for our citizens yielded an achievement of 98% in the 2023/24 financial year. This equates to a total of 264,033 households, which leaves the water supply backlog at approximately 2%, translating to 5 000 households that still need to be serviced. 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 municipality has achieved 99% compliance in the year under review.

The Eastern Cape Province has been experiencing a prolonged severe drought that threatens water resources, it has been improved in the year under review, seeing the dams registering an average of above 80% year long. The prolonged drought has shown us that the municipality can no longer rely on surface water alone in order to ensure the security of supply to the City and we therefore initiated feasibility studies to explore water reuse and seawater desalination, which are at the advanced stages of completion.
The City is still confronted with a high level of non-revenue water, which is attributed to the free basic water provided to rural areas/informal settlements, ageing infrastructure, and billing issues; however, intervention measures are being implemented to refurbish our infrastructure to reduce water losses.

The Water Conservation and Water Demand Management (WCWDM) strategy is reviewed providing new targets to be chased by the city to reduce non-revenue water. The Strategy elevates prioritisation of 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 37.7% in the year under review.

Sanitation Services

The municipality has improved the number of households with access to sanitation services to 97.5% in the year under review, from 96% in the previous year. A major budget allocation is required for the major refurbishments and upgrades needed to the wastewater treatment works. This will open up housing developments in areas such as Amalinda, Bhisho, Breibach and Qonce. 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 and licenses which are under review.

The municipality has also Improved the provision of sanitation services in rural areas where we currently have backlogs. The municipality has built and handed over 855 Ventilated Pit Latrine (VIP) toilets in the year under review. This achievement increased the number of VIP toilets installed to 61, 510 since 2005. Similarly, new ablution facilities have been installed in Informal Settlement, with a total of 100 toilet seats with water points in the year under review.

Waste Management and Refuse Removal

Buffalo City Metropolitan Municipality (BCMM) is mandated to provide waste management services to the residents and businesses across the three (3) regions within the area of jurisdiction. The City's commitment to service excellence is evident through the continuous implementation of quality waste management services across the communities of Buffalo City. The City's dedication to establishing tangible partnerships internationally, nationally and locally has yielded positive results towards improving the state of cleanliness and quality of the services provided in the waste management sector.

We take pride in the management and cleanliness of the coastal and beach areas as this has a significant effect on tourism and the economy of the City. The City is committed to maintaining the momentum with regard to regular refuse removal services, state of cleanliness and also addressing the backlogs related to bush and grass-cutting complaints.

Human Settlements

In the financial year 2023/2024, the through our Human Settlements Directorate we completed 379 top structures, 197 internal services and 2 030 beneficiaries were registered in the National Housing Needs Register (NHNR). NHNR is the planning tool that we are using when planning for human settlements development for future projects.

We conducted more than 34 sessions of Housing Consumer Education in BCMM Wards as an attempt to educate prospective beneficiaries about all Human Settlements programmes and policies in terms of qualification criteria and about the processes that lead to the ownership, management, and maintenance of a house. Our beneficiary administration unit is continuing to do beneficiary registration where there is a funding agreement between the Province and BCMM in all projects that are implemented by BCMM Human Settlements Directorate within the BCMM jurisdiction.

Given the above-mentioned service delivery achievement and the estimated population of four people per household, 379 housing units that were built, about 1 516 people (mostly from informal settlements) were provided with houses that have basic services.

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 2023/2024 which is (Long term: A(za) and short term: A1(za)) with the rating outlook being Negative.

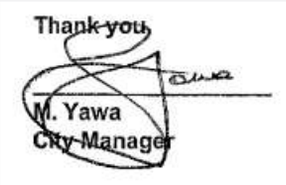
The City makes an effort to remain within the National Treasury norms, kindly refer to section 1.4.3 for financial performance ratios of the City. Cost containment measures are being implemented by the City to achieve operational efficiency, these measures are being implemented in an attempt to ensure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

Risk management has been ingrained in Buffalo City's operations, and the city manager oversees its promotion. The culture of risk management has greatly improved as a result, and risk management is beginning to permeate daily operations, planning, and—most importantly—decision-making. Although we are not yet at the appropriate levels of maturity, we have made great strides in the year under review. The

approved enterprise-wide risk management framework, which focuses on the procedures, standards, and structures put in place to manage risks across the entire institution, is being monitored by the Council.

Buffalo City's boundaries did not change in the year under review even though the ward delimitation process is being undertaken by the Municipal Demarcation Board which may see some changes. In the reporting period, Buffalo City continues to retail its 50 wards within their borders, pending the demarcation board's decision.

Our overall assessment of this 2023–2024 Annual Report, Buffalo City is a well-functioning municipality that is actively engaged in providing services to its residents. Even though there are sometimes challenges, the city's management and leadership are handling them.



T.1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW.

Introduction to background data

The Solid Waste Management Services Department provides waste management service throughout the three (3) regions, Coastal, Midland and Inland regions. This includes provision of these services in the formal and informal areas of Buffalo City Metropolitan Municipality (BCMM).

The Department has three (3) Units viz:



Buffalo City Metropolitan Municipality (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 99% compliance with prescribed national water quality standards in the year under review.

The Sanitation Division set a target of 45% compliance of effluent quality from its wastewater treatment works. This target was set in recognition of required improvements to wastewater treatment due to ageing infrastructure, less robust treatment technology used in some treatment works, and overloading in some systems. The overall average compliance of the 15 wastewater treatment works is 76% in the year under review, against the prescribed minimum target of 90% in terms of Green Drop Certification system.

Access to piped water has remained at 98% in the year under review. Similarly, access to adequate sanitation (Flush Toilets and VIPs) increased from 96% in the last financial year, to 98% in the year under review. BCMM is served by seven (7) water supply dams, with six (6) dams owned by national Department of Water and Sanitation (DWS) and operated by Amatola Water Board, and one (1) dam owned and operated by the municipality. DWS mandated by the Constitution to manage national resources in a manner that meets the basic human needs for present and future generations, to promote equitable access to water, and to reduce and prevent pollution of water resources, amongst other responsibilities. However, climate change and severe droughts impose major challenges to water supply security in the area, as dams in the municipal area are stressed year on year. The dam levels have improved for the major part of the year.

Human Settlements.

The Directorate of Human Settlements managed provide 379 top structures and fully serviced 197 individual sites during 2023/2024 financial year, this will assist in the long-term programme of eradicating informal settlements through provision of basic services to people residing in informal settlements.

Intensive planning, design and interacting with key Stakeholders such National Department of Human Settlements, Provincial Department of Human Settlements, Housing Development Agency through signing of protocol agreements that is setting roles and responsibility for each party.

Local Economic Development.

It is the constitutional mandate of every municipality to promote social and economic development (Section 152 (1) (c). furthermore, Section 153 of the Constitution stipulates that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community and participate in national and provincial development programmes.

Whilst local government cannot businesses on behalf of entrepreneurs or play a lead role in job creation, municipalities must ensure that there is a conducive environment for investment, reduced red tape or bureaucracy, clear policies and by-laws, simplified or user-friendly procedures, opportunities for local beneficiation, well developed entrepreneurial culture, sufficient talent pool in line with the needs of the market, enabling policy environment for business activity, requisite economic infrastructure, etc.

During the 2023/24 financial year, Buffalo City Metro worked tirelessly and contributed towards achieving some degree of economic recovery as key economic sectors and local businesses bounced back from the Covid-19 pandemic. It was anticipated that recovery will be slow in certain sectors due to the level of impact on people's incomes, the bottom-line of many businesses and financial muscle of many governments across the globe. Tourism is a case in point as most people could no longer travel or reduced their level of travel. Instead of physical conferences, the digital platform took the centre stage.

Due to an increased focus on the domestic market and strategic collaborations with key industry players, Buffalo City witnessed a significant growth in tourist arrivals. During the year under review, 1380,000 tourists visited Buffalo City, an increase of 270,000 (20.5%) more trips compared to 1 110,000 in the previous year.

During the year under review, Buffalo City continued to provide support to Small, Medium and Micro Enterprises and informal traders. Furthermore, emerging farmers received support. The Metro continued with its support and participation in the national programme of revitalisation of industrial parks. The lead funder was the Department of Trade, Industry and Competition (DTIC), Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) through its agency, the Eastern Cape Development Corporation (ECDC).

In the fight against the scourge of unemployment, the Metro during 2023/24 commenced the roll-out of learning interventions funded through the Services Sector Education and Training Authority (SETA), with the majority of the learners being the youth.

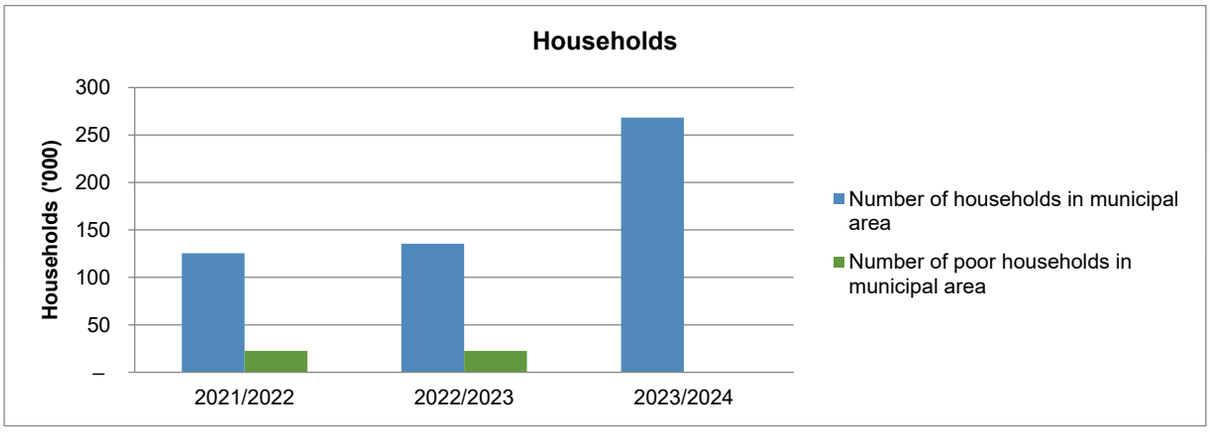
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Municipal demographics.

Population Details									
									Population '000
Age				2022/2023			2023/2024		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	42823	39345	82168	45709	42892	88601	38973	39281	78254
Age: 5 - 9	28114	26146	54260	39007	37157	76164	38104	37987	76091
Age: 10 - 19	48871	51774	100645	59982	60885	120867	85033	83858	168891
Age: 20 - 29	82300	66266	149466	91400	88377	179777	77999	77608	155607
Age: 30 - 39	81820	74103	155923	90822	85213	176035	77799	85410	163209
Age: 40 - 49	35911	36702	72613	46922	47871	94793	57476	64866	122342
Age: 50 - 59	23310	32322	55623	25520	43481	69001	41086	53579	94665
Age: 60 - 69	34033	21183	55216	46036	32291	78327	28876	41721	70597
Age: 70+	11523	23039	34562	11843	24062	35905	16344	29249	45593
Source: Statistics SA									T 1.2.2

Households' data

Data sourced from sheet SA9							
Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2021/2022	2022/2023	2023/2024
Demographics							
Population		527	685	802	785	865	975
Females aged 5 - 14		87	95	105	101	103	82
Males aged 5 - 14		102	112	124	120	121	82
Females aged 15 - 34		153	169	185	193	199	121
Males aged 15 - 34		185	204	224	236	240	159
Unemployment							
Number of households in municipal area					125	135	268
Number of poor households in municipal area					22	23	



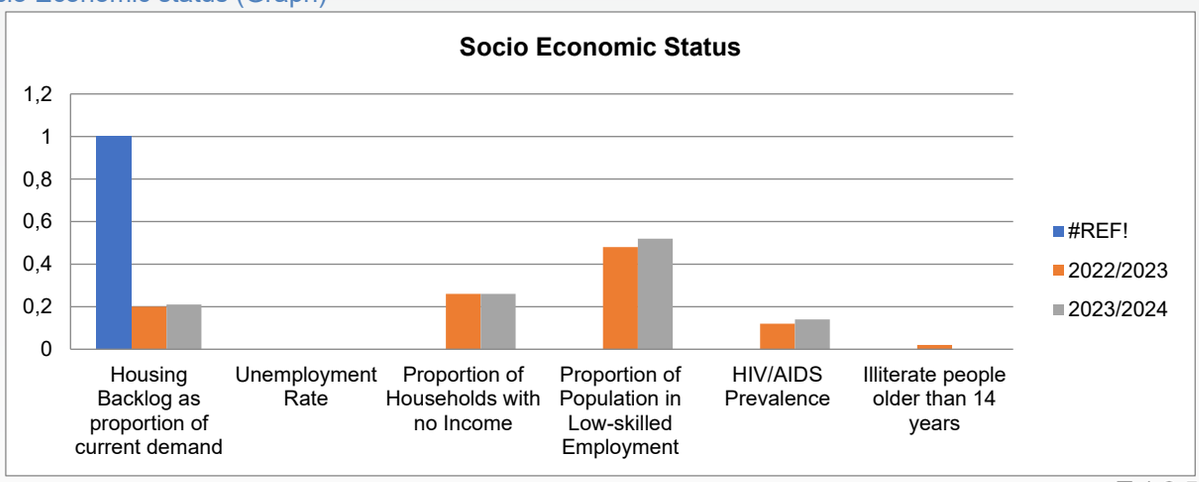
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Socio-Economic Status

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%
2023/2024	21%	42.0%	26%	52%	14%	1.9%
					T 1.2.4	

T 1.2.4

Socio Economic status (Graph)



T 1.2.5

Overview of neighbourhood within Buffalo City Metro

Overview of Neighborhoods within 'Buffalo City Metropolitan Municipality		
Settlement Type	Households	Population
Towns		
East London		349000
Qonce and Bisho		231000
Sub-Total	0	580000
Townships		
Mdantsane and Chalumna		271000
Sub-Total	0	271000
Rural settlements		
Macleantown		69700
Sub-Total	0	69700
Informal settlements		
Sub-Total	0	0
Total	0	920700
	T 1.2.6	

Natural Resource Within Buffalo Metro

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

Comments on Background Data

The following are the key issues arising from the above information: -

- Increase in the unemployment rate
- Level of indigency.
- Population growth resulting in pressure to provide bulk infrastructure and other social amenities.
- To address the challenges, the City has:
- Implemented and created jobs through the Expanded Public Works Programme (EPWP), Community Works Programme (CWP), and Local Economic Development Projects.
- Adopted a Growth and Development Strategy (Vision 2030)
- Revised the Indigent Policy.
- Embarked on various investment drives to garner investments for economic development.

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW.

Introduction to service delivery

The Department of Solid Waste Management Services is responsible for provision of waste management services. The Department has an operations unit in all the three regions (Inland, Midland and Coastal Regions). This unit is among other things, responsible for street sweeping, refuse removal, gutter clearance as well as clearance of illegal dump sites. Refuse removal service is currently provided in fifteen (15) areas in the Coastal region, seven (7) in the Midland region and twelve (12) in the Inland region respectively. One of the achievements regarding basic service delivery is adherence to the recognised refuse collection schedule that is annually communicated with the BCMM residents. BCMM has also achieved improved cleanliness which allows all the citizens including indigent residents to live in an environment that is not harmful to their health.

The City was experiencing a challenge of the increasing number of illegal dumps within the communities. There were campaigns that targeted clearing of illegal dumps coupled with education and awareness programmes for behaviour change among community members including indigent and poor residents.

Electricity:
The Electricity Departments mandate is to provide electricity to all BCMM legal electricity consumers in an efficient reliable and safe manner. The license issue to BCMM requires the electricity department to comply with NRS 047 Quality of service and NRS 048 Quality of supply.

The propagation of informal dwellings due to the migration of rural people in search of employment. This has led to illegal connections which overload the electrical network causing interruption of service to the community who are legally entitled.

Vandalism and theft have substantially increased, impacting on the electrical service delivered. The funding set aside to carry out essential maintenance and capital works is used to repair and replace the vandalized equipment and leads to an increase on deferred maintenance.

The department has three distinct divisions, that of Development, Contracts and Asset Management, the 2nd that of Operation and Maintenance and the 3rd Customer and Revenue Protection Services with the aim of ensuring that the electrical network is well maintained and provides an acceptable electrical service to all paying consumers. The division's mandates are as follows:

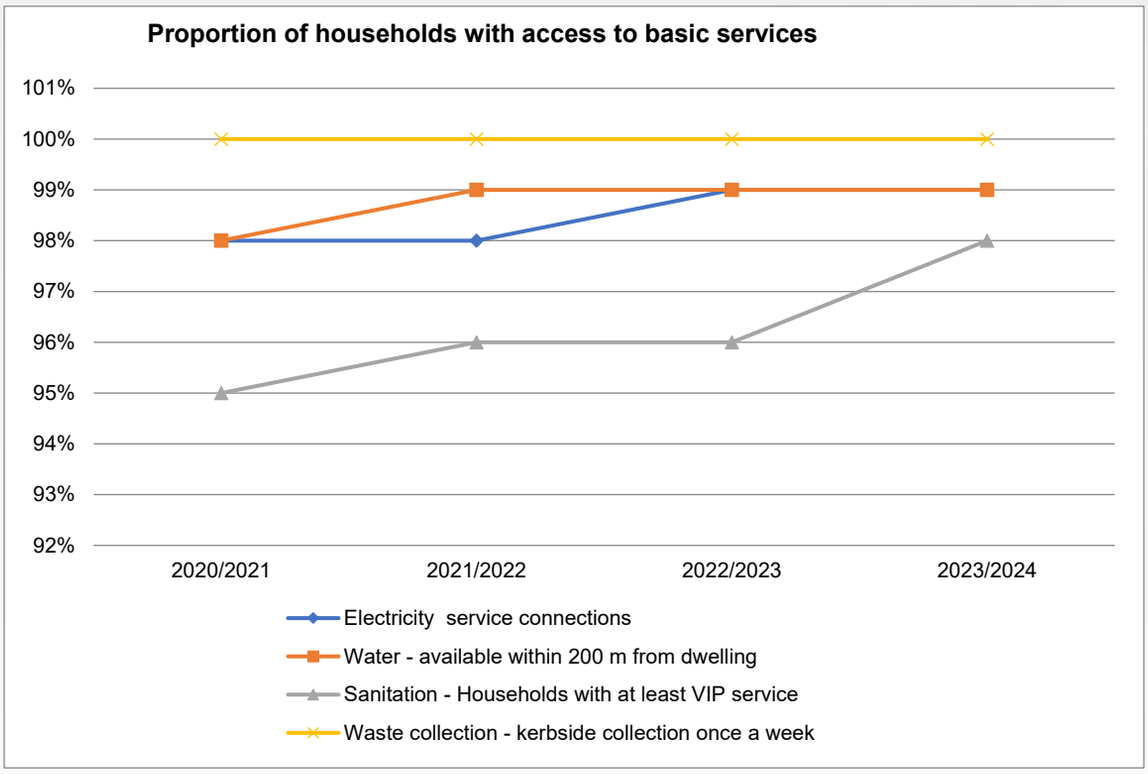
Development, Contracts and Asset Management:
- Investigate, design and upgrade existing electrical network
- Replacement of capital equipment when required.
- Provide a project management service on installation done by Developers
- Inspect work completed on the maintenance schedule
- Update and maintain electricity department Asset register.
- Electrification of formal and Informal dwellings to meet Governments policy of access to all.

Operation and Maintenance:
- Maintain Overhead Lines (132,66,11 kilo Volt and 400 volts)
- Maintain underground Cable (11 kilo Volt and 400 volts)
- Maintain Electrical equipment protection schemes
- Maintain Electrical Substations
- Scheduling planned and preventative maintenance
- Provide a 24-hour standby service is provided to consumers

Customer Care and Revenue Protection:
- Installation of new service connections
- Repairs and replacement of non-functioning meters

- Inspection of meters
- Removal of illegal connections
- Investigation of theft, vandalism and illegal connections
- **P**rovide advice and information to consumers for the provision of electricity service,

T 1.3.1



T 1.3.2

Comment On Access to Basic Services

Water Supply Services

The municipality has achieved a 98% access to basic water supply services in the year under review. Approximately 2% of households remain underserviced, which are mostly situated in rural areas. The rural areas are serviced through water cart, delivering water to the strategically positioned polymer tanks, or into hand-held drums. This arrangement is a temporary measure, as it is not in line with the minimum standards. However, efforts are being made to extend access to adequate water supply services to these villages in the short to mid-term. A combination of bulk water infrastructure and reticulation is required to provide adequate level of water services to approximately 6 000 households.

Sanitation Services

The municipality has achieved a 98% access to basic sanitation services in the year under review. Approximately 2% of households remain underserviced, which are mostly situated in informal settlements in urban areas and in rural areas. While the municipality is making efforts to provide ablution facilities in informal settlements, at a targeted rate of 1 flush toilet seat for every 10 households, there are still areas in informal settlements where sanitation services are below the target. Provision of sanitation services in informal settlements is also a moving target due to several new informal settlement springing up in various areas across the municipality. Vandalism of existing ablution facilities provided to some of informal settlements is also a huge challenge. A total of approximately 9 600 households in rural areas have no sanitation services currently. The municipality provides new VIPs to rural areas at a rate between 1 500 and 3000 each year, depending on available budget. The programme of eradication of sanitation backlog

in rural areas is expected to be completed in the next 5-10 years. However, there is still a growing challenge of required emptying of existing VIPs provided in the last 10 – 20 years.

Electricity

Universal Access RDP Dwellings: As an implementing agent of the National Governments Universal access program the Electricity and Energy Department implement electrification projects funded through Urban Settlement Development Grant (USDG) funding continuing to strive to provide universal access of electricity to all. BCMM provides a supply of 40-amp to all RDP dwellings which is above the minimum required supply of 20amps.

Access Informal Dwellings: Electrification of informal areas remains a priority in BCMM, Due to the areas that remain not meeting the electrification criteria due to land ownership and high density it has become difficult to identify areas to electrify. The electrification of informal areas has several steps that are required to be taken before electrification can be considered, such as relocation of excess dwellings, identification of land and reorganizing the dwellings out of access roadways.

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

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

Solid waste management.

COMMENTS	MITIGATION MEASURES
Inadequate fleet for Solid Waste Management to effectively provide refuse collection due to frequent breakdown of trucks and poor turnaround time for repairs	Provision of plant hire to augment fleet towards sustained provision of refuse collection services.

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 R0.455 billion compared to a deficit of R0.628 billion in the 2022/2023 financial year. This reflects an unfavourable variance of R0.014 billion in comparison to the budgeted deficit of R0.441 billion.

Total revenue realised was above the expected budget by a variance of R0.077 billion. The favourable 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 higher than the anticipated budget and therefore experienced an unfavourable variance of R0.091 billion. Refer to chapter 5 for further details.

The statement of financial position for 2023/2024 reflects a favourable position as the Metro is having excess assets over liabilities resulting into the net worth of R32.272 billion.

The Metro's Cash and Cash Equivalent at year-end amounted to R0.720 billion, which is an improvement from the R0.679 billion held at the end of 2022/2023 financial year. The City can still meet its immediate obligations.

T 1.4.1.

Financial Overview: 2023/2024			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	2,223,334	2,345,497	2,190,413
Taxes, Levies and tariffs	6,655,565	6,596,409	6,461,463
Other	1,296,129	1,296,422	1,600,796
Sub Total	10,175,029	10,238,329	10,315,831
Less: Expenditure	(10,698,924)	(10,679,677)	(10,771,480)
Net Total*	(523,895)	(441,348)	(455,650)
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	**%**
Liquidity Ratio	1,56 : 1
Cost Coverage	0.8
Total Outstanding Service Debtors	49.5%
Debt Coverage	220.4
Efficiency	100%
Capital Charges to Operating Expenditure	0.4%
Employee Costs as a percentage of Operating Expenditure	27.2%
Repairs & Maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions)	4.8%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

Liquidity Ratio: The rate of 1.56:1 is regarded as being within the National Treasury norm that ranges between 1.5 - 2 : 1. The ratio measures the municipality's ability to meet its Current Liabilities. A lower ratio indicates a situation of weaken 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 49.5%. 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 220,4% as at 30 June 2024. This indicates that the Metro's long-term debt is decreasing and is due to the City not taking up additional loan funding during 2023/2024 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 aims to pay its creditors within the norm of 30 days; however the current creditors efficiency ratio is at 100%.

Capital Charges to Operating Expenditure: The rate is 0.4% in 2023/2024 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.

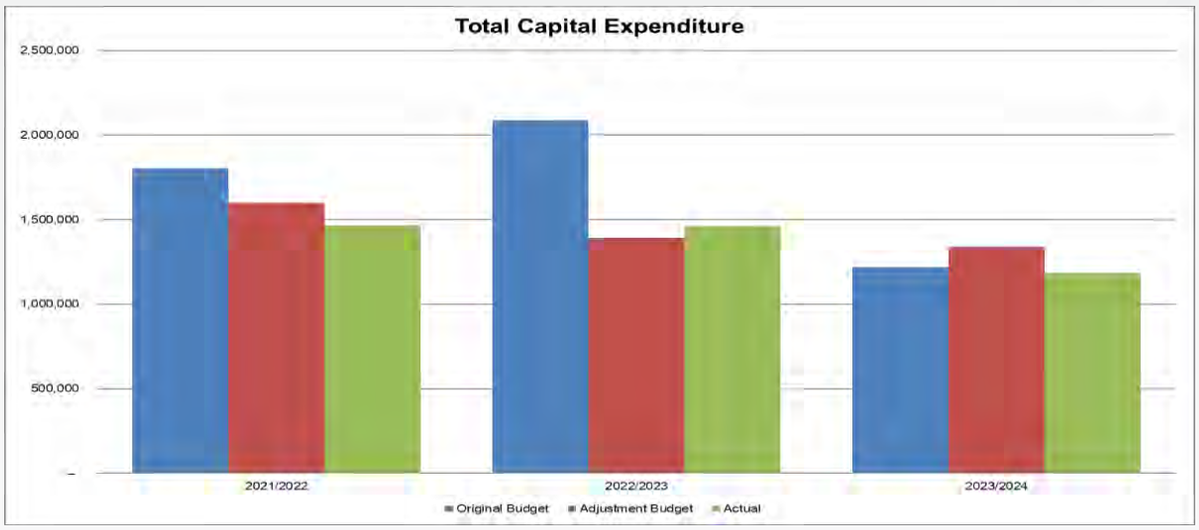
Employee Costs as a percentage of Operating Expenditure: The rate of 27.2% is within the norm of 25% - 40%.

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 4.8%. The City is augmenting its assets maintenance programme by using part of its own funding towards capital investment on renewal of existing assets.

1.4.3

Total Capital Expenditure

Total Capital Expenditure: 2021/2022 - 2023/2024			
			R'000
Detail	**2021/2022**	**2022/2023**	**2023/2024**
Original Budget	1,803,592	2,086,362	1,219,326
Adjustment Budget	1,598,261	1,391,192	1,339,433
Actual	1,465,623	1,462,280	1,184,803
			T 1.4.4



T1.4.5

COMMENT ON CAPITAL EXPENDITURE:

The City's capital expenditure for the year under review amounted to R1.184 billion (2022/2023: R1.462 billion), which represents 88% inclusive of vat of its capital budget spent (2022/2023: 105%). The City had an original budget of R 1.22 billion which increased to an adjusted budget of R1.34 billion for the year under review.

The capital expenditure incurred in the 2023/2024 financial year was funded through grants and subsidies and own funding. Buffalo City Metropolitan Municipality spent 98% 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 88% of its total own funded capital budget.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

As of 30 June 2024, the Municipality had a staff complement of 5093 **employees** (including fixed term contract employees). These employees contribute to service delivery needs. HR strives to ensure both skills development and a specialized support function.

An institutional review of BCMM organizational structure has been undertaken at a Macro level, and a proposed Macro structure will be submitted to the Mayoral Committee in the new financial year.

The City Manager approved the project to review the BCMM Microstructure in January 2024, that included the Design Principles, Methodology, and Project Process Plan. The project is aligned to ensure compliance with the provisions of the Municipal Staff Regulations.

The Organizational Design Policy has been reviewed and aligned to the Municipal Staff Regulations, and must still undergo consultative processes

T1.5.1

1.6. AUDITOR GENERAL REPORT

Auditor General Report For 2023/24 Financial Year.

The City received a qualified audit opinion during 2023/2024 financial year. The detailed Auditor-General's report is outlined and attached in Chapter 6 of this Annual Report.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS		
No.	**Activity**	**Timeframes**
1.	Inception meeting with all relevant stakeholders to outline the process	July 2024
2.	Outlining the Annual Report process to Top Management	
4.	Compiling Performance information taken from all Directorates	
5.	Tabling of Annual Performance Report 2023/2024 to the Top Management	
6.	Submit the Annual Performance Report to Audit Committee	
7.	Submission of Section 46 Report and draft Annual Financial Statements to AG	August 2024
9.	1st draft Annual Report tabling to Top Management	October 2024
10.	Submission of Draft Annual Report to Internal Audit	
11.	Submission of Draft Annual Report including Annual Financial Statements to Auditor General for auditing	
12.	Facilitate and respond to the Auditor General on the queries raised on the Annual Report	November 2024
13.	Presenting the final Annual Report to Top management	
14.	Submission of Final Draft to City Manager & Sign off Final Draft by Executive Mayor and City Manager	December 2024
15.	Tabling of Annual Report to Council	January 2025
16.	Submission of tabled Annual Report to Auditor-General, Provincial Treasury and Local Government and Human Settlement	
17.	Submission of Annual Report to the Municipal Public Accounts Committee for oversight and Speaker's Office for public participation	
18.	Oversight of the Annual Report by Municipal Public Accounts Committee	February 2025
19.	Invitation of public comments on Annual Report, Consideration of public comments and formulation of oversight report	
20.	Consideration and adoption of Annual Report and Oversight Report by Council	
21.	Submission of Annual Report and Oversight Report to Auditor General, Provincial Treasury and Provincial Department of Local Government and Human Settlement	
22.	Submission of final Annual Report and Oversight Report to Eastern Cape Provincial Legislature	March 2025
24.	Publication of final Annual Report (website and other media)	April 2025

1.7. STATUTORY ANNUAL REPORT PROCESS

COMMENT ON THE ANNUAL REPORT PROCESS.

The process of the development of the annual report is informed by Section 121 (1) of the MFMA which stipulates that *"the municipality and every municipal entity must for each financial year 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

GOVERNANCE

2. CHAPTER 2–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.

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.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATVE 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.

T 2.1.0

2.1. Political Governance.

Introduction to Political Governance.

In the election of 1 November 2021, the African National Congress (ANC) won a majority of seats on 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 Administration is responsible for service delivery and regulation. The Municipality has one Municipal Entity, Buffalo City Metropolitan Development Agency, (BCMDA) as its implementation arm for certain programs and projects.

To enhance good governance and promote accountability, BCMM is operating on the separation of power's model framework, whereby the Executive is separated from the Legislative arm of Council to promote oversight, accountability, and public participation.



This model mirrors that of provincial and national Parliament and is achieved through the delegation of legislative and executive functions of Council to the legislative and executive arms, respectively.

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 Act.

Planning and tariffs implementation and policy issues such as Integrated Development Planning and tariffs, are delegated to the Executive (led by the Executive Mayor). Legislative functions are delegated to Council and its committees, and these include oversight and public participation. The latter is fundamental to the successful delivery of services, accountability, and public consultation in local government.

BCMM has established the following oversight committees, whose functions are to prevent illegal and unconstitutional conduct on the part of the municipality, to protect the rights and liberties of citizens, to hold Council accountable, to make municipal operations more transparent and increase public trust in the municipality.

Oversight committees are outlined below as follows:

Rules Committee.

RULES COMMITTEE		
Name & Surname	**Position**	**Political Party**
Cllr C.H.M. Maxegwana	Chairperson	ANC
Cllr P. Bernado	Member	ACDP
Cllr K. Ciliza	Member	ANC
Cllr B. Kalani	Member	ANC
Cllr A. Majeke	Member	DA
Cllr N. Mcwabeni	Member	ANC
Cllr N. Mndi	Member	ANC
Cllr S. Nkungwini	Member	EFF
Cllr B. Sauli	Member	ANC
Cllr G. Walton	Member	DA

Petitions Committee.

PETITIONS COMMITTEE		
Name & Surname	**Position**	**Political Party**
Cllr M.L. Nyusile	Chairperson	ANC
Cllr P. Bernado	Member	ACDP
Cllr K. Ciliza	Member	ANC
Cllr M. Daniso	Member	ANC
Cllr J. Green	Member	DA
Cllr Z. Mtyingizane	Member	ANC
Cllr V. Siboyana	Member	ANC
Cllr Y. Masiki	Member	EFF
Cllr M. Wetsetse	Member	ANC
Cllr D. Theron	Member	FFP
Cllr K. Zonke	Member	DA

Social Facilitation Committee.

SOCIAL FACILITATION COMMITTEE		
Name & Surname	**Position**	**Political Party**
Cllr A. Ralasi	Chairperson	ANC
Cllr B. Bangani	Member	ANC
Cllr C. Mxabanisi-Gakrishe	Member	ANC
Cllr L. Stewart	Member	DA
Cllr K. Majeke	Member	ANC
Cllr P. Jaxa	Member	ANC
Cllr N. Luhadi	Member	EFF
Cllr P. Hansen	Member	ANC
Cllr D. Vallabh	Member	DA
Cllr M. Mashiya	Member	ATM

Municipal Public Accounts Committee.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE		
Name & Surname	**Position**	**Political Party**
Cllr S. Caga	Chairperson	ANC
Cllr A. Gunyazile	Member	ANC
Cllr P. Jaxa	Member	ANC
Cllr A. Majeke	Member	DA
Cllr L. Mzekeli	Member	ANC
Cllr M. Hlekiso	Member	EFF
Cllr B. Sauli	Member	ANC
Cllr G.K. Walton	Member	DA
Cllr M.J. Mashiya	Member	ATM

Women's Caucus.

WOMEN'S CAUCUS COMMITTEE		
Name & Surname	**Position**	**Political Party**
Cllr Z. Mtyingizane	Chairperson	ANC
Cllr K.T. Faku	Member	ANC
Cllr N.M. Goci	Member	ANC
Cllr L. Hali	Member	DA
Cllr V. Siboyana	Member	ANC
Cllr N.E. Tshabe	Member	EFF
Cllr C. Mxabanisi-Gakrishe	Member	ANC
Cllr A. Majeke	Member	DA
Cllr D. Theron	Member	FFP
Cllr N. Whittington	Member	ANC

Ethics Committee.

This committee has 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.

MULTI-PARTY WHIPS	
Name & Surname	**Position**
Ntombizandile Mhlola	Chairperson
Thulani Tempi	Member
Pumezo Jaxa	Member
Bongiwe Sauli	Member
Kholiwe T. Faku	Member
Bonisani Bangani	Member
Ntsika Qali	Member
Cynthia Mxabanisi-Gakrishe	Member
Monica Goci	Member
Zininzi Mtyingizane	Member
Andries Petrus Bernardo	Member

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.

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.

The Mayoral Committee.

The Executive Arm of Council is made up of the Executive Mayor, assisted by Mayoral Committee.

The Mayoral Committee performs the elements of the Executive Mayor's powers and functions as may be designated by the Municipal Council, exercising these powers, and performing associated tasks in support of the Executive Mayor. The Mayoral Committee ensures that service delivery takes place, including but not limited to improving efficiency, enhancing credit controls and revenue, and strengthening the administration of the Municipality. Each year, the Mayoral Committee must report on community involvement and ensure that due regard is given to public views during consultations.

The Executive Mayor and the members of the committee are as follows:

MAYORAL COMMITTEE		
Name & Surname	**Position**	**Political Party**
Cllr P. Faku	Executive Mayor	ANC
Noma-Afrika Maxongo	Finance Services	ANC
Sangweni Matwele	Spatial Development Planning	ANC
Cllr M. P. Basopu	Corporate Service	ANC
Malibongwe Mfazwe	Human Settlements	ANC
Graham Lottering	Sport and Community Development	ANC
Yomelela Tyali	Infrastructure Services	ANC
Clara Yekiso-Morolong	Community Services	ANC
Cllr Amanda Myute	Public Safety and Emergency Services	ANC
Sixolisiwe Ntsasela	Economic Development and Agencies	ANC

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.

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



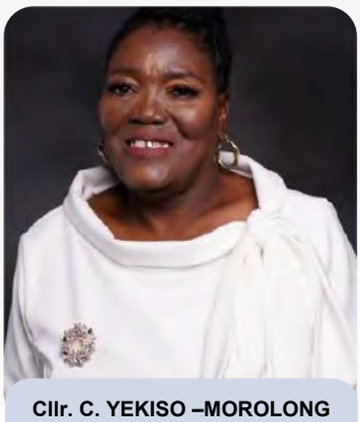
Cllr S. NTSASELA
Economic Development & Agencies



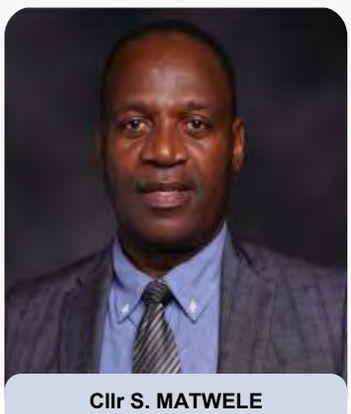
Cllr M. BASOPU
Corporate Services



Cllr Y. TYALI:
Infrastructure Services



Cllr. C. YEKISO –MOROLONG
Community Services



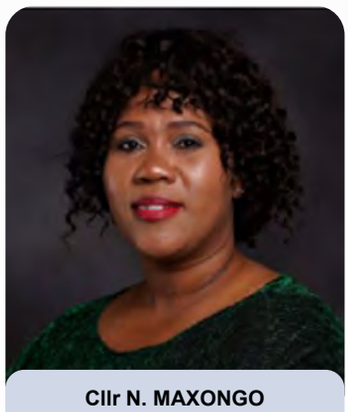
Cllr S. MATWELE
Spatial Planning & Development



Cllr M. MFAZWE
Human Settlements



Cllr A. MYUTE:
Public Safety & Emergency Services



Cllr N. MAXONGO
Finance Services

Councillors

The legislative arm of Council is composed of 100 Councillors and three Traditional Leaders. Nine (9) political parties are represented in the Council, namely, African National Congress (ANC), African Christian Democratic Party (ACDP), Democratic Alliance (DA), Economic Freedom Fighters (EFF), Pan Africanist Congress (PAC), African Transformation Movement (ATM), Freedom Front Plus (FFP), African Independent Congress (AIC) and United Democratic Movement (UDM). All these nine (9) political parties are also represented on section 79 committees. There are 50 ward councillors and 50 councillors that are appointed on a proportional representative basis. Refer to Appendix A of this report where a full list of the Councillors can be found. Also refer to T2.1.1 above regarding the allocation of councillors to different section 79 committees.

T 2.1.2.

Political decision making

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.

During the year under review, 39 Council Resolutions taken and implemented.

The following are the decisions that have not yet been implemented:

a) Transfer of deceased estate immovable property in favour of the rightful indigent heirs.
b) Donation of Farm 871/1 Greydell/Bhongweni.
c) Inter-Governmental Task Team.
d) King Williams Town public transport facilities project.
e) Offices of Ward Councillors.
f) Implementation of remedial action plan to improve revenue collection ratio.
g) Plan to address the issue of blocked stormwater drains.

T 2.1.3.

2.2. Administrative governance.

Introduction to administrative governance

The Accounting Officer and Administrative Head for Buffalo City Metropolitan Municipality is Mr. Mxolisi Yawa. The City Manager is responsible for the efficient and effective management of the affairs of the municipality as outlined in the Municipal Systems Act 32 of 2000 and the Municipal Finance Management Act 56 of 2003. As the Accounting Officer, the City Manager performs his duties in line with the principles of good governance and legislative requirements.

To promote effective administration of the affairs of the municipality, supporting administrative committees were established and they are as follows:

Top Management of the Municipality comprises of the City Manager, the Chief Financial Officer and Heads of Directorates. The Top Management seats on a monthly basis to discusses strategic operational and financial matters. Matters that fall outside the delegation authority of the City Manager gets referred to the relevant Portfolio Committee for processes prior submission to Council for final decision making.

T 2.2.1.

TOP ADMINISTRATIVE STRUCTURE



City Manager: Mr Mxolisi Yawa



Advocate Boniswa Mzimba
HOD: Public Safety & Emergency Services



Mr Luyanda Mbula
HOD Human Settlements



Ms Nomfanelo Mqoqi-Mondi
HOD Infrastructure Services



Mr Howard Sikweza:
HOD Sport, Recreation & Community Development



Ms Ncumisa Sidukwana
HOD Executive Support Services



Mr Vincent Pillay
Acting Chief Financial Officer



Ms Yoliswa Sinyanya
HOD Solid Waste & Environmental Management



Ms Noludwe Ncokazi
Economic Development & Agencies



Mr Sandile Booi: HOD Spatial Planning & Development



Mr Bob Naidoo: HOD Corporate Services



Mr Ntsikelelo Sigcau: CFO

T2.2.2.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section

41.Directive note once comment is completed - Provide a brief overview of co-operative governance and intergovernmental relations for your municipality. Explain the various contributions to service delivery offered by those involved.

Intergovernmental Relations is embedded in the Constitution of the Republic of South Africa,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 highlights the importance for cooperation, mutual trust, and good faith between the three (3) spheres. This means that all spheres are committed to the secure the well-being of the people of the Republic and, to that end, must provide effective, transparent, accountable, and coherent government for the Republic as a whole, thereby, realising the object of cooperative government.

The distinctiveness of the spheres should also be respected. Whilst all spheres are required to work in a geographic space, all spheres must remain within its constitutional mandate, when exercising its powers and functions. In the spirt of good faith, all spheres of government must therefore take concrete steps to realise cooperative government by:


Fostering friendly relations


Assisting and supporting one another.


Informing one another of, and consulting one another on, matters of common interest.


Coordinating their actions and legislation with one another.


Adhering to agreed procedures; and


Avoiding legal proceedings against one another.

The 'intergovernmental relations 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 includes:

- 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 intergovernmental 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 IGR Framework Act enacted in 2005, sets out the general principles and objects of intergovernmental relations - the focus is primarily on the outcomes that the system must achieve, namely:

- Coherent government
- Effective Provision of Services
- Monitoring implementation of Policy and Legislation
- Realisation of National Priorities.

The IGRF Act, intends to promote and facilitate co-operative decision making, ensuring that policies and activities across all spheres focusses on efficiency in the service delivery mechanism, to effectively meet the needs of the citizen, leading to citizen satisfaction. This therefore makes the IGRFA an intergovernmental system that is outcomes based, with the municipal space being the landing place for all of government projects, programmes, and impact.

IGR is therefore seen as, an instrument for mobilising the distinctive efforts, capacities, leadership, and resources of each sphere towards service delivery and government defined development objectives.

In the case of Buffalo City Metro, and in terms of the BCMM IGR Framework, the following functional IGR Structures have been established to coordinate intergovernmental relations across the three spheres:

Intergovernmental Relations Structure	Responsible /Chairperson	Participants
Political Intergovernmental Relations Forum	Executive Mayor	Mayoral Committee, City Manager, Strategic Development Portfolio Committee, HOD's, Representation from Sector Departments, Parastals, State-owned Enterprise and BCMDA.
Technical Intergovernmental Relations Committee	City Manager	HOD's, Representation from Sector Departments, Parastals, State-owned Enterprise and BCMDA
Intergovernmental Relations Political Roundtable	Executive Mayor	It is represented by members of the Mayoral Committee, City Manager, HOD's, Representation from selected Sector Departments, Parastals, and State-owned Enterprises
Intergovernmental Relations Core Group and Sector Specific Committees	Head of Directorate Executive Support Services Head of Directorate Corporate Services Head of Directorate Spatial Planning Head of Directorate Infrastructure Services Head of Directorate Human Settlements Head of Directorate Local Economic Development and Agencies	Office of the Premier COGTA Representatives from selected Sector departments and Parastals

Intergovernmental Relations Structure	Responsible /Chairperson	Participants
	Head of Directorate Parks and Recreation Head of Directorate Public Safety	

The establishment and coordination of well-functioning, IGR structures therefore, becomes important for coordination, implementation and monitoring of IGR Programmes in the Metro.

Each structure has a 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, in line with the National review of the IGR Framework Act, 2005 due to some new structures for service delivery and sector departments are emerging as a necessity to unlock bottlenecks before problems snowball into bigger problems.

The main purpose of the IGR Structures is to:



Improve

Improve integrated planning with other spheres and agencies of government.



Engage

Engage Sector departments on issues and projects that are cross-cutting with BCMM.



Resolve

Jointly resolve service delivery challenges faced within wards together with BCMM departments and National and Provincial Sector Departments.

National intergovernmental relations

The Value of National IGR engagements enable the Metro to strengthen its relationship with National and Provincial Governments to have access to funding opportunities, for reporting purposes as well as for seeking guidance on improving attracting national funding and support towards national road infrastructure, a functional and productive Port as well as airport as well as raise issues energy and cost effectiveness of services which impact on the residents of BCMM.

T 2.3.1

Provincial intergovernmental relations

BCMM Directorates and Departments participate in several IGR Meetings with the Province, National and the District which supports the District Development Model and One Plan concept. Furthermore, issues that are raised in the BCMM IGR Forum meetings are escalated to the Provincial Technical IGR Forum meetings, Premiers IGR Forum and MuniMEC.

The Provincial 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 at the Premiers IGR Forum meeting and MuniMEC. Interventions are requested through these structures or with BCMM's scheduled Political Sector Roundtable Meetings from the Provincial and National Spheres.

The Value of the Provincial IGR meetings include:

- Discussion and resolving on actions on pressing issues affecting BCMM communities and the municipality such as housing, land invasion, provincial roads, municipal finances and ensuring Provincial governments pay the municipality.
- Presenting on the state of IGR forums in the municipality and to seek guidance and assistance on improving reporting and functionality of these forums which will benefit the Municipality.
- Ensuring that the Provincial government continues supporting in the Metro with the DDM and One Plan to enable BCMM to benefit from Provincial and National Funding opportunities as well as improving joint three sphere planning in the Metro especially related to infrastructure projects in the catalytic zones and the broader Metro.

T 2.3.2.

RELATIONS WITH MUNICIPAL ENTITIES

Establishment Rationale

Municipal Systems Amendment Act (MSA), No. 44 of 2003:
Chapter 8A S86B (1) (a) a provision is made of a private company as a Municipal Entity
S86E (1) (b) the amended act provides: the municipality may establish a private company for purposes of performing a 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), which became operational 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 wholly owned by the BCMM, its primary shareholder. Mr Ayanda Gqoboka is currently serving as the Chief Executive Officer of the Agency. The Chief Executive Officer and management report to the Board of Directors (Board), which is appointed by the shareholder. The primary functions of the Board are to ensure good governance, accountability, and strategic leadership.

In guiding the entity's strategic development, the Board refers to and aligns its work with the MGDS as well as the public through participating in public participatory forums of the Municipality, where stakeholders provide feedback 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 programmes. Below are some of the governance procedures that regulate the Agency:

Council appoints Board Members for the entity.

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

BCMDA'S MANDATE

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 realises its strategic aspirations by performing both a facilitation function as well as a delivery function for the city.

BCMDA HAS FIVE STRATEGIC GOALS.

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

FLAGSHIP CAPITAL PROJECTS

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

T 2.3.3.

DISTRICT INTERGOVERNMENTAL STRUCTURES

BCMM is not a District. This refers specifically to District and Local Municipalities.

T2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.

Overview of public accountability and participation.

The metro strives for the inclusion and participation of vulnerable and marginalized groups within its Public Participation processes which is in keeping with the Municipal Systems Act: 2000 Section 18 (a) - (d) which mandates a municipality to “supply” its community with information concerning municipal governance, management and development. By default, this also implies accountability by the metro.

Section 17 of the same act states that local government should ensure appropriate mechanisms, processes, procedures for community participation in affairs of local government considering – special needs people who cannot read or write, persons with disabilities, woman & other disadvantaged groups.

Within each Ward Committee vulnerable groups are represented by what is known as Interest Groups namely a dedicated representative for youth, woman, aged and persons with disabilities. This ensures the inclusion of vulnerable groups within public participation, planning and budgeting processes.

Sign language services are provided during community engagement sessions including imbizos and other outreach sessions so that those who are hearing impaired can participate in such engagements.

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. To bridge this gap, a pilot initiative involved the use of the Thetha Nathi Youth Development Mobile Application. This innovative platform was piloted online to collect ideas and opinions from the youth regarding the municipality.

The Municipal website provides reliable and credible information to residents, making it an official source of information that residents can trust. In this instance, the website and social media platforms are used to raise awareness so that the community members are aware of the upcoming forums and can also participate either by being physically present or by submitting their comments virtually.

Our Municipal website is a very useful and reliable platform to engage the with the community.

This reliability fosters a transparent and trustworthy relationship between the municipality and its residents. Our website serves as crucial tools for accountability and plays a vital role vital role in ensuring effective public service delivery, building community relationships, promoting transparency, and providing accessible information and services to residents and tourists. It also ensures that as a Municipality, we comply with legislation by allowing residents to comment on our IDP/Budget.

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. Furthermore, Ward committees play a vital role in promoting local development initiatives. They act as information sharing platforms 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

The new Ward Committees for the new term of Council were inducted by the Provincial Department of CoGTA 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, including delaying or disrupting service delivery programmes, poor working relations with Ward Councillors, and unavailability and non-attendance of meetings.

Major issues dealt with by the Ward Committee system

The Ward Committee system has addressed several key issues during the year, including:

a) Participation in the identification of ward priorities for the IDP and Ward Allocation Funds.
b) Monitoring the implementation of ward plans.
c) Playing an oversight role on behalf of communities over service provisions, assisting Ward Councillors in their locality.
d) Participation in Project Steering Committees for projects implemented within their wards.
e) Reporting service blockages to relevant departments in the Municipality with the assistance of the Ward Councillor, such as sewerage issues, water leakages, and faulty streetlights

They have participated in National and Provincial Amendment Bills Public Hearings on the following bills:



Roles of Ward Committees

1) To enhance resident participation in municipal decision-making, serving as a direct and unique link with the Council.
2) To engage in matters such as the IDP/Budget processes, municipal performance management, the annual budget, Council projects, and other key activities and programmes that impact residents.
3) To identify and initiate local projects aimed at improving the lives of people in the ward.
4) To provide support to the Ward Councillor in dispute resolution and offer information about municipal operations.
5) To monitor the performance of the municipality and raise issues of concern on behalf of the local ward.
6) To contribute to community awareness campaigns, such as indigent registration and payment of rates, leveraging their knowledge of local communities and their needs.

Capacity-building for Ward Committees

The new Ward Committees for the new term of Council were inducted by the Provincial Department of CoGTA 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 the community at large during their period in office.

The Ward Committee Skills Audit Survey was carried out to in order to produce an informed Capacity Building Plan that will address the Training and Development needs of Ward Committees.

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

T 2.4.2

2.4. Public Meetings

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Public Hearing on Waste Management By-Law	13 September 2023	1	8	50	Yes	N/A
Initiation Awareness Campaign	Tuesday 7 ,8,9,12 November 2023	1	2	+- 50	Yes	N/A
Empowerment Workshop of foreign national Shop Owners	Thursday 16 November 2023	1	3	30	Yes	N/A
Big Walk White Canes Awareness Campaign to enhance public awareness of the need for patience with visually impaired people.	Tuesday 28 November 2023	2	5	+- 50	Yes	N/A
Awareness campaign against Gender Based Violence	Tuesday, 28 November 2023	3	4	50	Yes	N/A
Community Campaign to educate residents to mitigate and crack	Thursday 18 January 2024	1	5	30	Yes	N/A

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
down disaster in the city						
Public Awareness on Disaster Management	Tuesday 19 March 2024	1	5	50	Yes	N/A
Tourism awareness Campaign with the aim to inform and give opportunities to residents of Ward 39.	Friday, 22 March 2024	2	2	40	Yes	N/A
Electricity Regulation Amendment Bill (B23B – 2023), Transport Appeal Tribunal Amendment Bill (B8-2020) And Marine Pollution Amendment Bill (B5-2022).	25 and 26 April 2024	1	2	150	Yes	N/A
Minister of Transport Imbizo (Kwa Nonkcampa)	Friday, 26 April 2024	2	3	100	Yes	N/A
Youth in business Seminar, to promote networking and collaboration of small businesses.	Friday 28 June 2024	4	3	35	Yes	N/A

T 2.4.3

Comment on effectiveness of public meetings

The primary purpose of public meetings is to engage and address issues that directly impact communities.

Communities actively share their concerns and contribute input on local development programmes and policies.

Public meetings serve as a direct channel for communities to express their needs, enabling the municipality to make informed decisions aligned with community priorities.

These meetings foster trust and collaboration between communities and the municipality.
Public meetings promote community ownership, empowering residents to take ownership of projects and actively contribute to solutions.

Concerns and inputs from the community, ranging from service delivery to general community development and disaster management, are systematically recorded.

Councillors play a crucial role by providing feedback to their communities on Council matters and relaying community concerns back to the municipality.

Public meetings play a pivotal role in assisting the municipality in deciding which services to develop and enhance based on community input and feedback.

T 2.4.3.1

2.5. IDP Participation and Alignment.

IDP Participation and Alignment Criteria*	Yes/no
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, 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
	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE.

Overview of Corporate Governance

Corporate governance seeks to build trust, accountability, and openness to foster financial and governance stability. This stability can only be guaranteed when it is implemented under a risk-based strategy/plan. Confidence in the organization can only be guaranteed when there are reasonable assurances that the plans and strategies are being implemented under a strict and compliant legislative environment.

T2.6.0

2.6. Risk Management.

Risk Governance and approach

The Risk Management culture of BCMM is not yet at the desired level wherein risk management is fully integrated into planning, budgeting and mostly into decision-making. The City continues to implement its Risk Management Strategy which seeks to improve not only the risk management culture but to contribute to effective risk-based decision making, thus improving the City's risk management culture.

The City continues to assess and manage risks at different levels to identify any emerging risk and opportunities to take BCMM forward, and achieve the desired strategic outcomes as expressed on the Metro growth development strategy. Below is a snip analysis of the City's risk Profile, it is composed of service delivery, financial, information& technology and compliance risk.

It should be noted that the City's risk profile has not significantly changed over the years, as the mitigation strategies needed are rather long-term in nature and their impact can only be realized over time. With this said, there are significant milestones that have been achieved, leading to a slight improvement on the risk profile.

The following risks were identified to be the top risks of the City:

FOCUS AREA	RISK DESCRIPTION	ROOT CAUSES	CONSEQUENCES
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)	Delays in service delivery and loss of potential investment.
Roads and Stormwater	Dilapidated infrastructure	Roads: Based on the assessments done by the department, the current proportion of roads in the Poor to Very Poor condition grade is ± 45% of the Surfaced roads and ± 35% of the Gravel roads network. Storm Water: 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 a Poor condition. Changing climatic conditions due to Global Warming (Severe Drought and Severe Flooding) resulting to a need to upgrade and keep in good condition the storm water system. Sanitation: Reticulation, pump stations, and wastewater treatment works infrastructure aging and need renewal. Some reticulation and wastewater treatment infrastructure are overcapacity and needs upgrading.	Financial losses and losses of potential investment into the City.
Safety and security of Municipal assets and infrastructure	Vandalism, damage, theft of municipal	1) Inadequate security in some of the public amenities such as sports fields, community halls, etc 2) Increased rate of crime	Financial loss to the City

FOCUS AREA	RISK DESCRIPTION	ROOT CAUSES	CONSEQUENCES
	assets and infrastructure		
Supply Chain Management	non-compliance to SCM regulations (delays in resolving irregular fruitless and wasteful expenditure).	A) Weak institutional contracts management (role clarification between units and departments). B) backlog in historic irregular expenditure disclosed	Reputational which can lead to possible loss of investment into the City.
Economic development and inclusive growth	Inability to retain and attract investment into the City and stimulate the local economy.	1) Long turnaround times affect the costs of doing business. 2) Massive decline in business confidence and economic activity in South Africa and similar trends can be observed in Buffalo City.	1) Stagnant economic growth 2) Increase in unemployment 3) Outward migration of critical skills

Though there has been a slight movement in changing the risk profile of the City, there are targets that were able to be achieved to respond to the risk identified, summarized below:

A. Efforts to address theft, vandalism, and damage to municipal assets and infrastructure have been noted, significant steps are being taken to improve safety and security across the metro. A transversal tender with SITA for installing surveillance cameras has been finalized, with assessments underway to identify optimal locations at high-risk areas within BCMM. Concurrently, informal tenders for private security guards at critical installations such as water pump stations and electrical substations have also been concluded. Currently, these sites are being safeguarded by private security firms.
B. In response to the city's Inability to retain and attract investment into the city and stimulate the local economy. The automation process for business licenses had been achieved, this seeks to improve the turnaround time for processing applications
C. The City has undertaken a process to automate its contracts management processes, this will assist in strengthening the internal control environment, thus reducing irregular expenditure incurred due to poor contracts management. Furthermore, an Unauthorized, Irregular, Fruitless & Wasteful expenditure reduction strategy was adopted by the Council. This strategy outlines the City's commitment to reducing irregular expenditure and ensuring that there is effective management against those officials who have been found responsible for such expenditure.
D. The revenue collection of the City continues to improve though it has not yet reached the set norm of 95% as per National Treasury. The City continues to implement its credit control policies and to raise education to its customers.

Risk Management committee

The Risk Management Committee ("Committee") has been established by the Buffalo City Metropolitan Municipality to assist the Accounting Officer to fulfil his risk management and governance responsibilities in accordance with prescribed legislation and corporate governance principles. Risk Management Committee is an independent advisory Committee charged with a responsibility to oversee the effectiveness of risk management within BCMM. The Committee is composed by both internal and external members, with the Chairperson being an external member.

As per its mandate, the committee meets at least quarterly and submits its oversight reports to the Audit Committee, who in turn advises the Council on the status and effectiveness of Risk Management within BCMM. During the year under review the Committee has effectively played its role and has had four meetings wherein Management reports on risk, compliance, fraud-risk management, ICT, disaster Risk Management were considered.

T2.6.1

2.7. Fraud and Anti-Corruption.

Buffalo City Metropolitan Municipality has zero tolerance and zero appetite for any form of unethical behaviour and is committed to promoting ethical behaviour. It is against this reason that the City continues

to implement its fraud risk management strategy which seeks to outline the City's commitment to the fight against fraud and corruption. As part of the BCMM Fraud Risk Management Strategy, the following initiatives have been implemented during the year under review:

A) Fraud Risk Assessment
On an annual basis the City conducts a fraud risk assessment to identify areas susceptible to the risk of fraud. The assessment also assesses effectiveness of existing controls allowing management to be proactive in dealing with fraud risks identified and to further strengthen the internal control environment.

B) Fraud Awareness Campaigns
Fraud awareness campaigns on different topics are carried throughout the year, using different platforms such as the service desk, formal workshops/ trainings and through visible fraud awareness posters in all municipal buildings.

C) Whistle Blowing Platform
As a proactive approach the Municipality has a fraud hotline hosted by an independent service provider which serves as a reporting channel through which employees, suppliers, contractors and other third parties can report irregular activities, free from victimization or repercussions. The hotline number is a toll-free number with a call back facility which residents can use to request a call back to lodge their reports. The **(0800668413, call back 30916)** hotline is a toll-free number operated 24 hours a day, 7 days a week and 365 a year.

The BCMM fraud Hotline has been active during the year under review, several reports were received which ranges from allegations on electricity theft/ tempering, flouting of supply chain management processes and job scams. During the 2022/24 financial year the City appointed a panel of forensic investigators for a period of three years, who will assist with investigations of whistleblowing cases received. The hotline service provider handles all calls and submits to the municipality for processing.
For purposes of providing oversight, the metro has a functional Audit Committee and its recommendations for 2023/2024 are set out at Appendix G of this report
T2.7.1

2.8. SUPPLY CHAIN MANAGEMENT.

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

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



In BCMM, the SCM system uses quotation and open bid procurement processes to source goods and services required for service delivery by the municipality.

March 2022 had to ensure that it complies with the recent Constitutional court ruling on procurement regulations 2017, which were found to be unconstitutional.

The implementation of the E-Procurement System to improve procurement of goods and services on three quotation system (R0 - R30,000 threshold), has seen an increased number of transactions by end user departments, as indication that the e-procurement system is full utilization and operational. The rollout of the contracts management module has started and go live and full implementation will take place in the new financial year due to unexpected delays in the rollout of the project.

CHALLENGES AT SUPPLY CHAIN MANAGEMENT DEPARTMENT

a) Staff challenges of which there is a process underway of the job grading for positions, and the filling of critical managerial vacancies on a permanent basis.
b) A permanent appointment has been made in the position of General manager with effect from 01 June 2021.
c) Capacity issues including the inclination of the traditional way of procurement versus the evolving strategic
d) procurement thus impacting in driving service delivery and the turnaround with the Supply Chain Management environment.
e) The introduction and the implementation of the City Infrastructure Delivery Management System (CIDMS) will see the process of streamlining the cities' business processes within other directorates based on recommendations of best practice in optimizing service delivery.

REMEDIAL ACTIONS

a) Continuous monitoring and regularly reporting on the turn-around times for awards in order to improve service delivery.
b) Implementation of an integrated electronic procurement system to improve, enhance supply chain management processes to better enable them in the entire value chain.
c) Evaluation of jobs within the SCM environment.
d) March 2022 had to ensure that it complies with the recent Constitutional court ruling on procurement regulations 2017, which were found to be unconstitutional.
e) The implementation of the E-Procurement System to improve procurement of goods and services on three quotation system (R0 - R30,000 threshold), has seen an increased number of transactions by end user departments, as indication that the e-procurement system is full utilization and operational. The rollout of the contracts management module has started and go live, and full implementation will take place in the new financial year due to unexpected delays in the rollout of the project.

CHALLENGES AT SUPPLY CHAIN MANAGEMENT DEPARTMENT

a) Staff challenges of which there is a process underway of the job grading for positions, and the filling of critical managerial vacancies on a permanent basis.
b) A permanent appointment has been made in the position of General manager with effect from 01 June 2021.
c) Capacity issues including the inclination of the traditional way of procurement versus the evolving strategic
d) procurement thus impacting in driving service delivery and the turnaround with the Supply Chain Management environment.
e) The introduction and the implementation of the City Infrastructure Delivery Management System (CIDMS) will see the process of streamlining the cities' business processes within other directorates based on recommendations of best practice in optimizing service delivery.

REMEDIAL ACTIONS

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

2.9. Municipal Bylaws.

By-laws Introduced during Year 2023/24					
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**
Integrated Waste Management Drat By-Law	Being Reviewed	Yes	11-19/09/2023	Not yet	N/A
Car Washes Draft By-Law	Newly Developed	Yes	11-19/09/2023	Not yet	N/A
Traditional Circumcision & Initiation Draft By-Law	Newly Developed	Not Yer	N/A	Not yet	N/A
*Note: See MSA section 13.				T 2.9.1	

Comment On Bylaws.

Section 160 (4) (b) of the Constitution of the Republic of South Africa, 1996, provides: No bylaw shall be passed by a Municipal Council, unless the proposed by-law has been published for public comment.

In line with the above provisions of the Constitution, BCMM set aside the month of September 2023 as the month upon which the BCMM public was afforded an opportunity to comment on the two (2) Draft By-Laws referred to herein. Hard copies of the Draft By-Laws were placed on BCMM Website, all BCMM Ward Councillor Offices, all BCMM libraries, and all offices of Traditional Authorities. In addition, Public Participation Roadshows were organized for the Cluster of Wards in Mdantsane (11/09/2023), Duncan Village (12/09/2023), East London (13/09/2023) and KWT (19/09/2023).

T2.9.1.1

2.10. Websites.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	Yes	Annual 01/09/2022 (1st Adjustment Budget 03/03/2023 (2nd Adjustment Budget) 10/05/2023 (3rd Adjustment Budget)
All current budget-related policies	Yes	01/11/2022
The previous annual report (2022/2023)	Yes	07/02/2024
The annual report (2023/2024) published/to be published	Yes	02/2025
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/2024) and resulting scorecards	Yes	19/07/2023
All service delivery agreements (2023/2024)	Yes	19/07/2023
All long-term borrowing contracts (2023/2024)	No	No long-term borrowing contracts for the year under review
All supply chain management contracts above a prescribed value (give value) for 2023/2024	No	No SCM contracts above prescribed value for the year under review
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 (2023/2024)	No	No list of assets over the value that has been disposed for the year under review
Contracts agreed in year 2023/2024 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	No issue with future budgetary implications
Public-private partnership agreements referred to in section 120 made in 2023/2024	No	No there were no PPP
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/2024		Q4 – (2022/2023) – 29/07/2023 Q1- (2023/2024) – 31/10/2023 Q2- (2023/2024) – 01/02/2024 Q3 – (2023/2024) – 02/05/2024
		T 2.10.1

Comment on Websites.

The Municipality does employ monitoring systems to track the usage of its website by the public and a statistical report obtaining hits, searches and clicks is produced. The ICT Department together with SPU and Libraries are working on a rollout plan to make accessible computers to the public in strategic areas like Youth Centres and Municipal Libraries.

T2.10.1

2.11. Satisfaction Levels on Municipal Services.

PUBLIC SATISFACTION LEVELS

NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING THE 2023/2024 FINANCIAL YEAR.

T2.11.1

SATISFACTION SURVEYS UNDERTAKEN DURING THE YEAR 2023/2024
NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING THE 2023/2024 FINANCIAL YEAR.

T2.11.2.

NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING THE 2023/2024 FINANCIAL YEAR.

T2.11.2.1

COMMENT ON CUSTOMER SATISFACTION LEVELS

NB: THERE WERE NO COMMUNITY SATISFACTION SURVEYS CONDUCTED DURING THE 2023/2024 FINANCIAL YEAR.

T2.11.2.2.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE
(PERFORMANCE REPORT PART I)

3. CHAPTER 3 – SERVICE DELIVERY PEFORMANCE (PEFORMANCE REPORT PART 1)

INTRODUCTION TO SERVICE DELIVERY

- The City's Integrated Waste Management Plan (IWMP) for 2022- 2027 was endorsed on the 31st of August 2023 by the Member of Executive Council (MEC) for Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).
- The City's waste management facilities namely, Roundhill Landfill site, King Williams Town Landfill site, Kayser's Beach Garden Transfer and Kidd's Beach Garden Transfer Station were refurbished as means of improving and maintaining compliance. The refurbishments included fencing of the facilities, refurbishing the Material Recovery Facility at Roundhill Landfill site, upgrading access control and access roads, fixing the weighbridges and the leachate treatment facility.
- Two garden transfer stations, one in Mdantsane and another one in Qonce have been established for management of garden waste and builder's rubble, servicing all wards in the Midland Inland Regions respectively.
- Successful implementation of Public Employment Programmes (PEP) in partnership with Border Kei Chamber of Business (BKCOB), the Department of Forestry, Fisheries and the Environment (DFFE), the Independent Development Trust Fund, National Treasury, the Department of Public Works and Infrastructure (DPWI) and Buffalo City Metropolitan Development Agency (BCMDA) is one of the highlight achievements that led to the improved aesthetics of the City including temporary job creation. PEP entails activities such as street cleaning, gutter clearance, clearing of illegal dumps and beautification of the City.
- Development of community-based models for the provision of waste management services in CBD's, tourist attraction areas, student villages as well as formal and informal residential areas also form part of PEP.

Positive spin offs are as follows:

The implementation of the above-mentioned projects resulted to positive spins which have assisted the city in yielding the following outcomes:

a) Successful establishment of a three-shift system.
b) Reduction of overtime.
c) Implementation of integrated daily operations
d) Effective management of household hazardous waste
e) Effective eradication of alien invasive plants
f) Servicing diverse types of household patterns in a satisfying manner.

Water

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

The metro's infrastructure investment is increasing year on year and the expenditure shows the commitment in providing sustainable water services to our communities. Since 2015/16, more than R1 billion has been spent on water and sanitation infrastructure. In 2023/24 alone, the metro spent R182 362 540 which is more than the previous year's R158 311 187 replacing and installing new pipes, building new and maintaining existing reservoirs and pump stations, removal of alien vegetation, replacement of manholes and providing water services to customers in informal settlements and rural villages. The continuous decrease on budget is concerning and it led to infrastructure conditional deterioration.

Wastewater

As the municipality continues to grow, large-scale investment in wastewater infrastructure is required to add capacity and keep up with the latest technology and treatment standards. The metro has therefore invested close to R960 085 461 in wastewater treatment works and bulk infrastructure since 2015/16. The municipality has recently spent over R 220 million upgrading Reeston Wastewater Treatment Works, in preparation for diversion of Central Wastewater Treatment Works, to open development in Amalinda, Wilsonia, Reeston, and other adjacent areas. Similarly, the municipality will soon commission the newly upgraded Zwelitsha Wastewater Treatment Works, to open development in Qonce and surrounding areas.

In agreement to the metro's customer needs, the Metro also invested close to R236 647 860 in various water meter replacement programmes, primarily aimed at ensuring that customers receive accurate readings. In terms of the bulk water supply network, about R656 870 842 has been spent since 2015/16, including some R64 440 255 in the financial year under review.

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 stated
The objects of this Act are to-

a) achieve the efficient, effective, sustainable, and orderly development and (b) 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.
e) Universal Access RDP Dwellings:
f) Universal Access Informal Dwellings:
g) Capital Projects

The Electricity Regulation Amendment Act 38 of 2024 is expected to transform the country's energy sector from a vertically integrated model that was completely dominated by Eskom to a multi-market structure. BCMM needs to move with the changes happening in the industry or be left behind, BCMM need to ensure security of supply lower tariffs to attract new investment to become a sustainable utility.

Human Settlements.

In the financial year 2023/2024, the Directorate had completed 379 top structures, 197 internal services and 2 030 beneficiaries were registered in the National Housing Needs Register (NHNR). NHNR is the planning tool that the Directorate of Human Settlements is using when planning for human settlements development for future projects.

The Directorate has conducted more than 34 sessions of Housing Consumer Education in BCMM Wards as an attempt to educate prospective beneficiaries about all Human Settlements programmes and policies in terms of qualification criteria and about the processes that lead to the ownership, management and maintenance of a house. Beneficiary Administration unit is continuing to do beneficiary registration where there is funding agreement between Province and BCMM in all projects that are implemented by BCMM Human Settlements Directorate within BCMM jurisdiction.

Given the above-mentioned service delivery achievement & estimated population of four people per household, 379 housing units that were built, about 1 516 people (mostly from informal settlements), were provided with structural sound roof over their heads with basic services.

T 3.0.1

COMPONENT A: BASIC SERVICES.

Introduction to Basic Services

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

The municipality provides free basic water of 6 kilolitres to rural areas and urban informal settlements, and rebate for registered indigent consumers in urban formal areas. Approximately 98% of households have access to basic levels of water supply, including those that are residing in informal settlements.

The sewerage infrastructure throughout the municipality is generally in a fair to poor condition, with some catchments faced with inadequate conveyance and treatment capacity and aging infrastructure, resulting in periodic spillages into the river systems and environment in general. Approximately 98% of households have access to basic levels of sanitation services, with the backlog currently faced in rural areas and informal settlements in urban areas. Similarly, access to sanitation is divided into two categories, with full waterborne services in urban and some peri-urban settlements, and Ventilated Improved Pit-latrines (VIPs) provided in the rural areas.

Reticulated wastewater in urban areas is serviced by a network of approximately 2442 km, 97 sewerage pump stations, and 15 Wastewater Treatment Works. Due to the topology of the region, there is a number of sewage pump stations and pipe bridges within the respective drainage regions, which place additional operation and maintenance challenges, with some areas faced with high levels of infrastructure vandalism, illegal electricity connections, and cable theft.

The Solid Waste and Environmental Management Directorate has strengthened its efforts to provide a better service through partnering with various partners. These partnerships assisted the City through provision of funding towards implementation of programmes which seek to improve the state of cleanliness while creating jobs for vulnerable and previously disadvantaged communities.

These projects have been able to contribute immensely towards ensuring that the City remains clean and that recyclables are diverted from landfill disposal to Buy-Back Centres. This impacted positively to the livelihoods of the communities through provision of incentives, improved cleanliness and decrease in the rate of illegal dumping.

T 3.1.0

3.1. Water Provision

The national Department of Water and Sanitation (DWS) is responsible for the availability, security, and sustainability of water services for municipalities. In committing to this constitutional mandate, the DWS has established the Amatola Water Supply System Reconciliation Strategy Steering Committee, which comprises of all the Water Services Authorities (WSAs) that are supplied water from Amatola Water Supply System. The municipality gets some of its bulk water from Amatola Water Board, through an agreement between the municipality and the waterboard. Amatola Water System supplies approximately 84% and 67% to East London and Mdantsane areas respectively. The remainder is supplied from the Keiskamma System and the stand-alone underground water supply schemes.

The Amatole Water Supply System (AWSS) supplies domestic, industrial, and agricultural water to BCMM, as well as to parts of Ngqushwa and Amahlati Local Municipalities which form part of the Amathole District

Municipality (ADM). The supply system comprises the following dams: Bridle Drift Dam, Gubu Dam, Laing Dam, Maden Dam, Nahoon Dam, Rooikrantz Dam and Wriggleswade Dam. The implementation of the Reconciliation Strategy is guided by the Strategy Steering Committee (SSC) comprising representatives of the Department of Water and Sanitation, BCMM, ADM, Amatola Water Board and other strategic partners. The municipality has initiated Effluent Re-use study that may provide an additional 20 Megalitres of treated wastewater effluent into the system.

During the Blue Drop Certification last audit, with results published in 2014, BCMM received a score of 72% which is less than what is required to get certificate. This achieved score does not mean that the municipality water that is below the standard in terms of quality. The quality of the water supplied to our consumers is above 95% compliance, and the municipality has achieved 98% water quality compliance with national standards (SANS 241) in the past four financial years consecutively.

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

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

Description	Baseline	Target	Actual
% of households with access to basic level of water supply	98%	98%	98%
% compliance of water treatment works with SANS 241	≥95%	≥95%	98%
Reduction in non-revenue water	34%	35%	37%

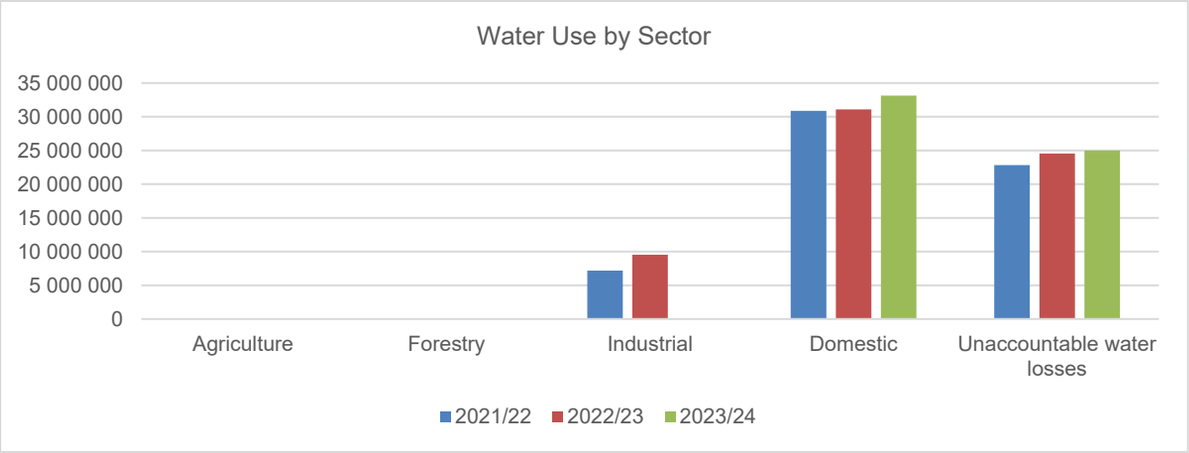
The municipality has prioritized water losses and Non-Revenue Water through implementation of a pipe and water meter replacement programs. The municipality has spent over R 43 million in the last three financial years on pipe & meter replacement programme and has budgeted more than R200 million in the mid-term budget and expenditure framework to continue with the programme. The programme includes replacement of old water meters and installation of advance remote smart meter reading system to reduce metering inaccuracies. Similarly, the municipality is currently in a process of upgrading its data acquisition and telemetry system to efficiently monitor water distribution and pumping systems remotely, to reduce water distribution losses.

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

T3.1.1

Water Usage by Sector

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
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
2023/24	0	0	8,097,137	33,126,794	24,983,540
					T 3.1.2



T 3.1.2.1

Comment on Water Usage by Sector

The Reconciliation Strategy determines the health of the Amatola Water Supply system yield and predicts the period the demand will surpass the available supplies. The municipality will need to augment its water resources by 2027 and implement an effective water demand management to ensure that the system is optimised. Currently, the system is adequate to meet the high growth projections until the said period. The metro has reliably provided water services to communities. A total volume supplied in the 2023/2024 financial year has increased by 1.60% (1 041 373) kilolitres.

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

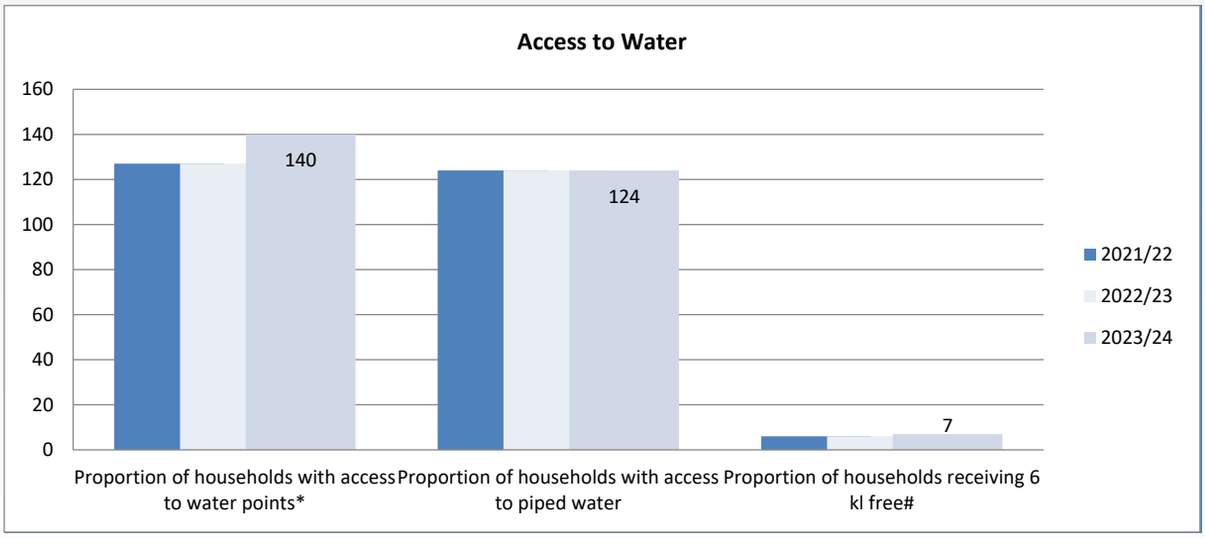
T3.1.2.2

Water service level delivery

Water Service Delivery Levels				
Households000				
Description	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	122	124	124	124
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (within 200m from dwelling)	127	127	127	140
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	249	251	251	264
Minimum Service Level and Above Percentage	98%	99%	99%	98%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling	–	–	–	–
No water supply	5	3	2	5
Below Minimum Service Level sub-total	5	3	2	5
Below Minimum Service Level Percentage	2%	1%	1%	2%
Total number of households*	253	254	253	269
* - To include informal settlements			T 3.1.3	

Households Water service level delivery

Households - Water Service Delivery Levels below the minimum						
Households						
Description	2021/22	2022/23	2023/24	2024/25		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	124	124	124	124	124	124
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	127	127	140	140	140	140
Households ts below minimum service level	2	2	2	2	2	2
Proportion of households ts below minimum service level	2%	2%	2%	2%	2%	2%
						T 3.1.4



T 3.1.5

Water service policy objectives taken from the IDP.

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	578 additional HHs (5 877 HHs outstanding)	2 947 additional HHs (2 430 HHs outstanding)	350 additional HHs (2 080 HHs outstanding)	350 additional HHs (2 080 HHs outstanding)	350 additional HHs (2 080 HHs outstanding)	500 additional HHs (1 580 HHs outstanding)	500 additional HHs (1 080 HHs outstanding)	500 additional HHs (1 080 HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (**Ints**) in supply of one hour or more compared to the baseline of 2022/2023 (xxx interruptions of one hour or more during the yr)	T0% (4 Ints)	A0% (4 Ints)	T1% (4 Ints)	T1% (4 Ints)	A1% (4 Ints)	T2% (4 Ints)	T5% (4 Ints)	T5% (4 Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of 2022/2023 (xxx kiloliters (**KLs**) unaccounted for during the yr)	T5% (800 000 KLs)	A36.27% (1 486 425 KLs)	T36.27% (1 486 425 KLs)	T36.27% (1 486 425 KLs)	A37.7% (881 280 KLs)	T36% (850 000 KLs)	T35% (850 000 KLs)	T30% (850 000 KLs)
Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the blue water drop status as set out by the Water Affairs department. 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 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 Intergraded Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.1.6

Employees at water services.

Employees: Water Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	7	5	2	29%
4 - 6	169	176	162	14	8%
7 - 9	39	42	38	4	10%
10 - 12	62	70	60	10	14%
13 - 15	7	10	9	1	10%
16 - 18	7	7	7	0	0%
19 - 20	0	0	0	0	0%
Total	291	312	281	31	10%

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. T3.1.7

Financial Performance for Financial Year 2023/2024: Water Services.

Financial Performance 2023/2024: Water Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	45,291	1,164,266	1,077,439	1,148,359	-1%
Expenditure:					
Employees	164,073	161,917	177,122	177,122	9%
Repairs and Maintenance	52,729	63,777	61,771	55,875	-14%
Other	868,181	618,644	992,727	1,046,963	41%
Total Operational Expenditure	1,084,984	844,338	1,231,620	1,279,960	34%
Net Operational Expenditure	139,693	(319,928)	154,181	131,601	343%
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 3.1.8

Capital expenditure for FINANCIAL YEAR 2023/2024: Water Services.

Capital Expenditure 2023/2024: Water Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	105,205	110,177	108,406	3%	
BULK MAINS-KWT & BHISHO INFRASTRUCTURE	5,000	4,812	4,990	0%	4,990
BULK MAINS-UPGRADE WATER NETWORKS	4,000	8,202	8,202	51%	16,893
PUMP STATION-UPGRADE WATER NETWORKS	3,155	–	–	0%	–
BULK MAINS-WATER BACKLOGS	4,000	1,790	2,058	-94%	36,609
DISTRIBUTION MAINS-WATER BACKLOGS	5,000	5,750	5,750	13%	5,750
RESERVOIRS-WATER BACKLOGS	5,000	7,803	8,274	40%	8,274
BULK-PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA	2,500	4,671	4,671	46%	19,779
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA	2,500	2,688	–	0%	–
BULK-PIPE AND WATER METER REPLACEMENT IN EL	2,500	2,492	2,492	0%	2,492
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN EL	2,500	2,491	2,491	0%	28,659
BULK-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	4,000	3,879	3,879	-3%	8,879

Capital Expenditure 2023/2024: Water Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	5,500	8,142	8,142	32%	8,142
RESERVOIRS-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	4,000	1,593	1,593	-151%	1,593
DISTRIBUTION-AMAHLEKE WATER SUPPLY	5,000	5,593	5,593	11%	15,472
RESERVOIRS EAST COAST SUPPLY	6,150	6,084	6,084	-1%	6,084
UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	25,000	23,490	23,490	-6%	56,846
W/DEMAND MANGM - WATER CONSERV - PRV STA	7,000	7,138	7,138	2%	25,955
WATER MAINS-INFORMAL SETTLEMENTS INLAND	2,000	2,292	2,292	13%	2,292
WATER SUPPLY -INFORMAL SETTLEMENTS COASTAL	6,400	6,839	6,839	6%	6,839
DISTRIBUTION MAINS- INFORMAL SETTLEMENTS MIDLANDS	4,000	4,428	4,428	10%	28,225
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.1.9

Overall comment on water service performance.

Water Supply Services performance targets and achievements for 2023/2024 Service Delivery Budget Implementation Plan (SDBIP) are as follows:

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

Households receiving basic level of water supply services are seating at 98%. 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.

Four largest capital programme or projects implemented in 2023/2024.

Description	Details
Augmentation of Water Treatment capacity	Refurbishment/upgrading of Umzonyana Filtration system, Design of the Electrical & Mechanical Upgrade of 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 address the issues of water treatment works compliance, aging infrastructure, housing delivery and economic development the municipality has initiated a few projects, namely, augmentation of treatment capacity, Amahleke water supply, Newlands water supply, and bulk water supply to coastal areas.

To address water shortages in our newly inherited areas Investigation, Design & Provision of Bulk Water Infrastructure to East Coast Areas Ward 50 - Kwelera Villages and Wards 35 & 38 are underway but hindered by insufficient budgets.

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

Financial Year	Budget
2024-2025	R 105 205 315
2025-2026	R 180 664 412
2026-2027	R 208 321 305
Total	R494 101 032

Water backlogs account for approximately 2% of the total municipal population. A budget of R360 million is required to eradicate water backlogs within the municipality. The constrained budget allocation for operation and maintenance of water services results in frequent water supply breakdowns in the system; and infrastructure vandalism is the new elephant in the room in recent years however, efforts are being made to address this challenge.

T3.1.10

3.2. WASTE WATER PROVISION

Introduction To Sanitation Provision

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

Currently, the reticulated wastewater network is served by 15 wastewater treatment works, which include 5 Activated Sludge Systems, 5 Biological Trickling Filter Systems, 4 Ponds Systems, and a Marine Discharge System in Hood Point in the West Bank area. The municipality has a reticulation network of various pipe sizes, totally approximately 2428 km, with 95 sewerage pump stations and rising mains in some areas.

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

Despite these challenges, the municipality has made significant investment in wastewater infrastructure, through a programme of regionalization of wastewater treatment. Reeston Wastewater Treatment Works has recently been upgraded from a 2 megalitre treatment capacity to 10 megalitre capacity. This was done to allow for diversion of Central Wastewater Treatment Works to Reeston, as the municipality currently no longer approved development in the Central catchment areas due to overloading of the treatment works.

The municipality has spent approximately R 500 million thus far in upgrading of Zwelitsha Wastewater Treatment Works to a regional wastewater treatment works. This is to allow for decommissioning of Schornville Wastewater Treatment Works, Bhisho, and Breidbach Ponds. The completion of upgrades in Zwelitsha treatment works will allow for the municipality to allow/approve developments in Qonce and surrounding areas that are currently faced with development moratorium due to inadequate bulk sewerage treatment infrastructure.
The municipality is currently conducting upgrading of Hood Point Marine Discharge Screening Station to allow for more treatment capacity for the developing West Bank area. The municipality has also awarded Environmental Authorization to construct a deep-sea marine outfall sewer of approximately 1.4 km in Hood Point, at an estimated construction cost of approximately R 500 million. Similarly, the growing development in coastal areas like Kidds Beach, has forced the municipality to review existing masterplans for these coastal areas, as existing treatment technologies are not suitably designed for the current high growth rates.

The municipality is also reviewing policies and guidelines to try and regulate the uncontrolled proliferation of septic/conservancy tanks in some of the rural and peri-urban areas around the main urban centres.

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

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

The municipality developed a programme of provision of waterborne ablution facilities in informal settlements since 2010. Ablution facilities are delivered at a rate of approximately 100 toilet seats per annum. This translates to provision of approximately 1000 households with access to sanitation services each year. This is based on the accepted empirical standard of each toilet seat providing access to at least 10 households in informal settlements. Most of these communal ablutions are provided with a Caretaker, responsible for day-to-day maintenance of these ablutions. To date the municipality has provided employment opportunities to approximately 520 Caretakers taken from communities where these ablutions are located. Caretakers are appointed under the Expanded Public Works Programme (EPWP) guidelines and principles, that require these appointments to be maintained to a maximum of 2 years.

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

The municipal minimum standard for sanitation services in rural areas is provision of Ventilated Improved Pit-latrines (VIPs). The municipality has provided approximately 58 995 VIPs since 2005. However, there is still approximately 16 444 households in rural areas without ventilated sanitation services. The municipality currently delivers approximately 3000 VIPs each year, depending on budget allocation; it is estimated that this backlog will be eradicated in the next 3-5 years.

However, the municipality is also faced with the growing need to empty existing VIPs, particularly those over 10 years, as these are full or close to filling up in most communities. Faced with budgetary constraints, the municipality is currently unable to catch-up with this growing backlog; however, consideration is given to restructuring of budget in the short to mid-term period to address this challenge head-on.
Currently, approximately 98% of households have access to basic levels of sanitation services, with the 2% backlog faced mainly in rural areas and informal settlements in urban areas.

T3.2.1.

Introduction To Sanitation Provision

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

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Discharge System in Hood Point in the West Bank area. The municipality has a reticulation network of various pipe sizes, totally approximately 2428 km, with 95 sewerage pump stations and rising mains in some areas.

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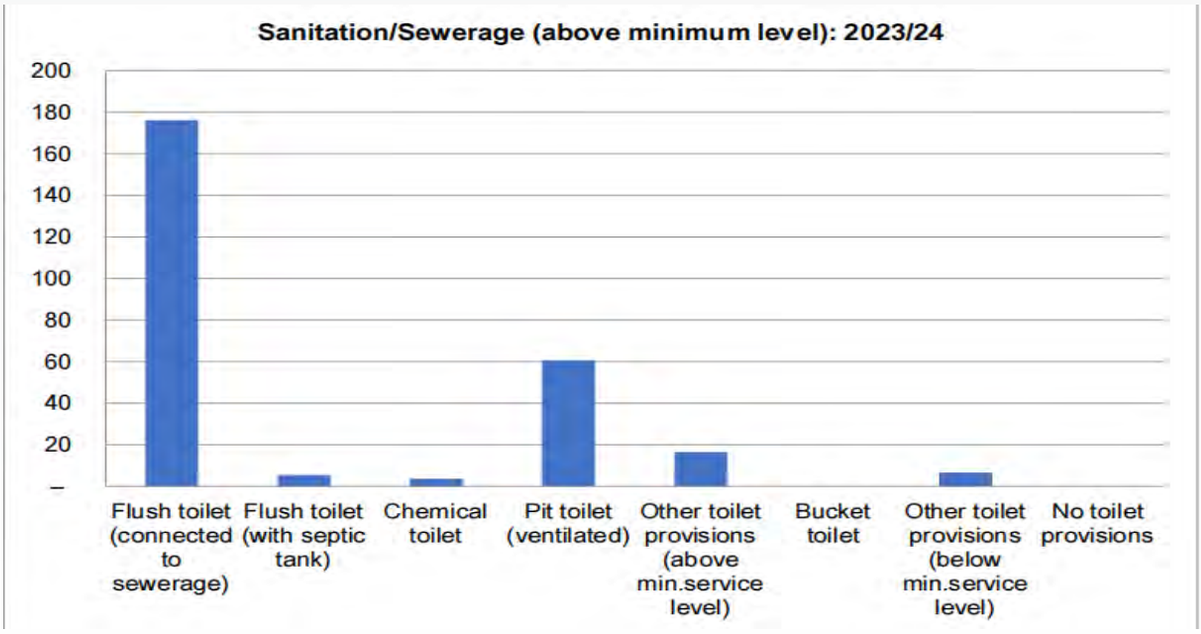
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Currently, approximately 98% of households have access to basic levels of sanitation services, with the 2% backlog faced mainly in rural areas and informal settlements in urban areas.

T 3.2.1



T3.2.2

Sanitation Service Delivery Levels.

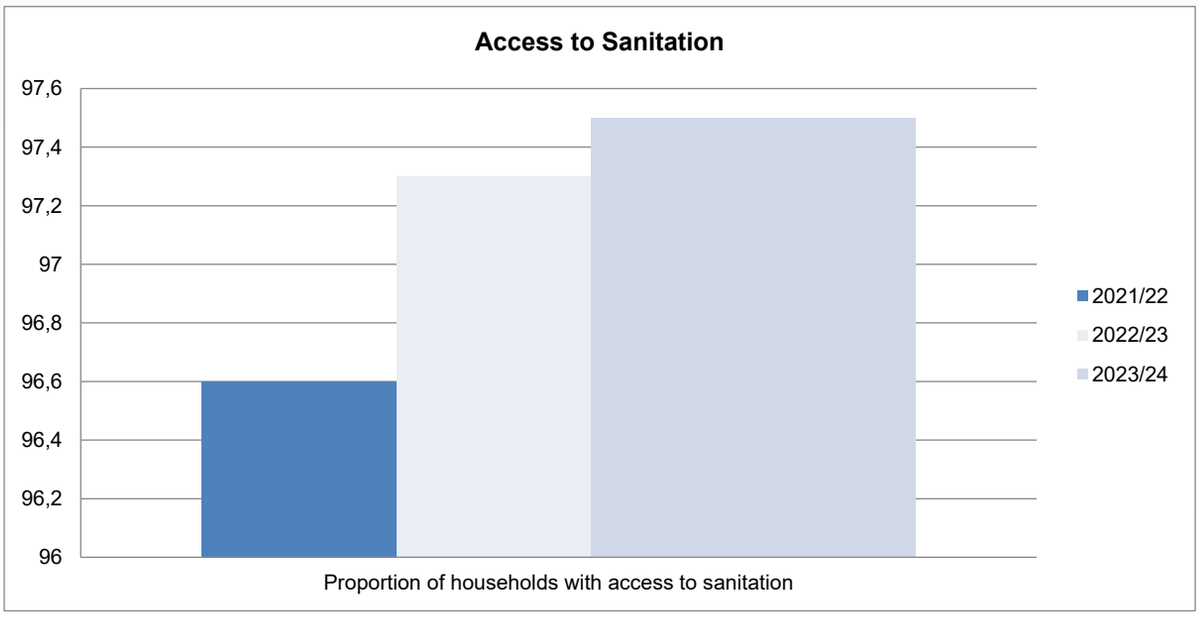
Sanitation Service Delivery Levels				
*Households 000				
Description	2020/21	2021/22	2022/23	2023/24
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	166	166	167	176
Flush toilet (with septic tank)	5	5	5	5
Chemical toilet	4	4	4	4
Pit toilet (ventilated)	50	53	54	61
Other toilet provisions (above min.service level)	16	16	16	16
Minimum Service Level and Above sub-total	243	245	246	262
Minimum Service Level and Above Percentage	95.8%	96.6%	97.4%	97.5%

Sanitation Service Delivery Levels				
*Households 000				
Description	2020/21	2021/22	2022/23	2023/24
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (below minimum level)				
Bucket toilet	–	–	–	–
Other toilet provisions (below min. service level)	15	9	7	7
No toilet provisions	–	–	–	–
Below Minimum Service Level sub-total	11	9	7	7
Below Minimum Service Level Percentage	4.2%	3.4%	2.6%	2.5%
Total households	253	253	253	269
*Total number of households including informal settlements				T 3.2.3

Households – Sanitation Service Delivery Levels.

Households - Sanitation Service Delivery Levels below the minimum						
Households						
Description	2020/21	2021/22	2022/23	2023/24		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households			247	248	248	248
Households below minimum service level			7	6	6	6
Proportion of households below minimum service level			97%	98%	98%	98%
Informal Settlements						
Total households			253	269	269	269
Households is below minimum service level			7	6	6	6
Proportion of households is below minimum service level			3%	2%	2%	2%
					T 3.2.4	

Access to Sanitation.



T 3.2.5

Sanitation service policy objectives taken from the IDP

Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2205	2025/2206	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of toilets within standard	Additional Households (**HHs**) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	2998 additional HHs (11 132 HHs remaining)	1 387 additional HHs (9 943 HHs remaining)	1 387 additional HHs (9 943 HHs remaining)	1 188 additional HHs (8 755 HHs remaining)	1 188 additional HHs (8 755 HHs remaining)	770 additional HHs (7 985 HHs remaining)	770 additional HHs (7 985 HHs remaining)	770 additional HHs (7 985 HHs remaining)
Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the green drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.2.6

Employees at Sanitation services.

Employees: Sanitation Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	19	17	2	11%
4 - 6	224	233	214	19	8%
7 - 9	52	56	49	7	13%
10 - 12	26	29	26	3	10%
13 - 15	9	9	9	0	0%
16 - 18	2	3	2	1	33%
19 - 20	1	1	1	0	0%
Total	331	350	318	32	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.
T 3.2.7

Financial Performance for FINANCIAL YEAR 2023/2024: Sanitation Services.

Financial Performance 2023/2024: Sanitation Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	611,332	628,112	687,874	671,910	7%
Expenditure:					
Employees	142,410	132,480	149,714	149,714	12%
Repairs and Maintenance	42,483	43,383	59,080	55,065	21%
Other	271,408	187,180	200,298	286,541	35%
Total Operational Expenditure	456,301	363,043	409,091	491,320	26%
Net Operational Expenditure	(155,031)	(265,070)	(278,783)	(180,590)	-47%
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

Capital expenditure for FINANCIAL YEAR 2023/2024: Sanitation Services.

Capital Expenditure 2023/2024: Sanitation Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	98,598	73,957	73,957	-33%	
SANITATION FACILITIES IN INFORMAL SETTLEMENTS	10,000	8,458	8,458	-18%	20,106
BERLIN SEWERS	3,000	1,058	1,058	0%	1,058
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	20,000	4,019	4,019	0%	137,916
EAST BEACH GRAVITY SEWER UPGRADE	8,000	8	8	0%	2,610
EAST BEACH GRAVITY SEWER UPGRADE		1,583	1,583	100%	1,583
REFURBISHMENT-MDTS NETWORK FLOOD DAMAGES		28,127	28,127	100%	28,127
RENEWAL OF INFRASTRUCTURE - TREATMENT WORKS	17,000	6,757	6,757	-152%	7,751
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS	4,000	1,524	1,524	-162%	1,524
MDANTSANE WASTEWATER TREATMENT WORKS	19,598	18,592	18,592	-5%	57,500
UPGRADING OF POTSDAM WASTEWATER TREATMENT WORKS	5,500	1,904	1,904	-189%	1,904
DUCATS SANITATION	3,000	–	–	0%	–
NEW WEST BANK WASTEWATER TREATMENT WORKS	5,500	368	368	-1396%	368
UPGRADING OF BERLIN WASTEWATER TREATMENT WORKS	3,000	1,560	1,560	-92%	1,560
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.2.9

Overall comment on Sanitation service performance.

The following are some of the main sanitation infrastructure provisions currently underway:

Description	Details
Upgrading of Zwelitsha Wastewater Treatment Works	Upgrading of Zwelitsha Wastewater Treatment Works to allow for decommission of Schornville, Bhisho, and Breidbach treatment works and diversion of flows to Zwelitsha.
Diversion of Sewage from Central WWTW to Reeston WWTW	Diversion of Central WWTW to Reeston WWTW, through construction of a 5 km long x 4 m diameter Sewer Tunnel. The works includes construction of a 400 m Tunnel Approach Section, 4.5 km Sewer Tunnel, Central Tunnel Shaft, and Tunnel Exit
Tunnel Diversion of Central Wastewater Treatment Works	Diversion of sewage flows from Central Wastewater Treatment Works to Reeston Wastewater Treatment Works through a 4.5 km long and 30 m deep sewage tunnel
Sanitation Backlog Eradication	Provision of VIPs to eliminate rural sanitation backlogs.

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

Financial Year	Budget
2023-2024	R 98 598 320
2024-2025	R 119 278 348
2025-2026	R 134 188 299
Total	R 352 064 967

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

Description	Target	Actual
% Compliance with wastewater treatment works effluent quality standards	>75%	79%
No households provided with access to basic level of sanitation service	3000	3268
Additional Service Points (Toilets) installed in informal settlements	60	107

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

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%.

T3.2.10

3.3. ACCESS TO ELECTRICITY.

Introduction To Electricity

The mandate of the Electricity and Energy Department is to provide an effective, safe and efficient electrical service in accordance with legal and statutory requirements for all the Cities legal consumers within the BCMM licensed area of supply, mainly within the urban edge via 13 intake point of 132 KV, 66Kv and 11Kv.

Eskom has been licensed to provide electrical services to areas within BCMM jurisdictions mainly within the rural areas. BCMM currently does not have a service level agreement with Eskom and therefore has very little influence is the level of service provided within the Eskom licensed area. As this issue affects most municipalities the issue of the service level agreement is being considered by the national department of COGTA and DTI.

The electricity network in Buffalo City is currently in moderate condition, with a continued capital investment plan and the funding to implement the plan Buffalo City could see an improvement

Without the required capital injection required, failures will increase, which would have an impact on city growth and income as electricity sale account for the largest portion of Buffalo City's yearly income.

Maintenance of the electrical network is concerning as the funding allocated is insufficient, leading to essential maintenance being deferred. Budget constraints are exacerbated by the increase of vandalism, theft and increased illegal connections which force the Electricity Department to further cut down on maintenance of the electrical network as equipment in good condition needs to be replaced due to the illegal acts.

The consequences of the illegal acts have led to frequent power outages and a poor quality of supply to electricity consumers. In addition, the electricity department is at high risk of non – compliance to the license issued by the National Energy Regulator of South Africa (NERSA) and to non – compliance of occupational health and safety regulations.

The electrical and Energy Services Department provides to services to 144416 legal consumers.

Table 15 Electricity distribution to Consumers

Prepaid						
Count of Meter No	Tariff					
Type	Business	Domestic	Indigent	Large	Temp	Grand Total
Non-SM	2158	60635	34850	29	13	97685
SM	1134	21113	15660		1	37908
Grand Total	2909	75184	56667	29	14	135593

ESKOM Electrification

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

FREE BASIC ELECTRICITY:

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

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

REVENUE PROTECTION:

Since the inception of the smart metering project in 2017, the Electricity Revenue Protection Section have project managed the installation of some 7797 smart postpaid meters and 37601 prepayment meters. The smart meter commissioning process has proved to be highly successful in resolving monthly billing issues previously being experienced by large power users and the two dedicated specialized electricians have identified some **R99 586 282.11** in billing irregularities since project inception, which have now been resolved and the underbilling rectified on the financial back-end billing system. The table below reflects the identified non-billed revenue for some 103 large power users and whereby some R28 330 894 cannot be recovered through the billing system due to restricted bylaw recovery periods where BCMM was at fault.

NB – Not all identified potential financial recoveries could be made due to the Electricity Bylaw restrictive period of six months and where the recovery still needs to be billed by the Finance department.

Table 1 - Overall LPU Recoveries

Year	Total Rand Value	Potential Recovery (6 Month Policy)
2020	R2 407 426,00	R1 896 530,00
2021	R13 586 936,00	R7 865 200,00
2022	R21 337 867,72	R10 702 198,00
2023	R9 694 700,00	R5 470 680,00
2024	R45 022 939,85	R37 784 366,70
2025	R7 536 412,54	R7 536 412,54
Grand Total	R99 586 282,11	R71 255 387,24

Total Number of Post-Paid Meters

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

TABLE 2 - TOTAL AMOUNT OF PRE-PAYMENT METERS BY REGION, PER TARIFF

	Coastal Region		Sub Total	Inland Region		Sub Total	Midlands Region		Sub Total	Unknown		Sub Total	Grand Total
Meter Type	Non SM	SM		Non SM	SM		Non SM	SM		Non SM	SM		
DOMESTIC	38783	12270	51053	12216	4178	16394	13904	5050	18954	85	26	111	86512
INDIGENT	9493	3028	12521	9247	3088	12335	12575	8825	21400	68	18	86	46342
BUSINESS	1369	570	1939	747	534	1281	72	13	85				3305
SCALE 3 LARGE KVA	24		24	5		5							29
Scale 6 - Temporary and Itinerary	10	1	11	3		3							14
Grand Total	49679	15869	65548	22218	7800	30018	26551	13888	40439	153	44	197	136202

TABLE 3 - DOMESTIC METER FIELD INSPECTIONS/AUDITS WORK

			1ST QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER
		FIN YR 2023/2024	JULY 2023 TO SEPTEMBER 2023	OCTOBER 2023 TO DECEMBER 2023	JANUARY 2024 TO MARCH 2024	APRIL 2024 TO JUNE 2024
AUDIT INFORMATION (Domestic)	SITE VISITS	1199	459	441	225	74
	SUCCESSFUL	591	222	241	87	41
	NO ENTRY/ UNSUCCESFULL	249	84	59	76	30
	SMART METERS	56	13	34	2	7
	TAMPERS FOUND	73	25	20	14	14
	2ND OFF DISCONNECTIONS	3	1	2	0	0
	REF TO INSTALLATIONS FAULTY	72	38	16	13	5
	FOLLOW UP INSPECTIONS	61	39	13	7	2
AUDIT INFORMATION (Business)	2A	2	2	0	0	0
	3A	0	0	0	0	0
	3B/4	1	1	0	0	0
		0	0	0	0	0
CUSTOMER CARE	Recalculations	4	4	0	0	0
	Process TMP Payments	46	27	19	0	0
	Faulty #	0	0	0	0	0
	General Cons Query	440	206	234	0	0

TABLE 4 - DOMESTIC METER FINANCIAL RECOVERIES

	MONTHLY RECOVERY	FN YR 2023/2024 RECOVERY
Total	R 1 053 978,06	
Jul-23	R 71 319,12	R 1 053 978,06
Aug-23	R 235 050,41	
Sep-23	R 143 978,96	
Oct-23	R 144 672,29	
Nov-23	R 89 904,00	
Dec-23	R 92 927,97	
Jan-24	R 37 678,35	
Feb-24	R 15 504,27	
Mar-24	R 98 315,41	
Apr-24	R 56 126,27	
May-24	R 68 501,01	
Jun-24	R -	
SCRAP	R -	

TABLE 5 - Total Number of Post-Paid Meters per Region, per tariff

	Region												
	Coastal			Sub Total	Inland			Sub Total	Midlands			Sub Total	Grand Total
Tariff	AMR	Non SM	SMART		AMR	Non SM	SMART		AMR	Non SM	SMART		
EL0100		217	4138	4355		4	23	27		27	189	216	4598
EL0200	25	125	1603	1753	12	18	91	121	5	132	240	377	2251
EL0300	26	5	528	559	10	6	75	91	11	43	111	165	815
BC0100		29	168	197		1		1		4	17	21	219
ELD503	1	54	119	174		3	14	17		1		1	192
EL0201		5	87	92	2	3	21	26			1	1	119
EL0301	5		50	55	1	1	18	20	1	8	30	39	114
ELD200		2	11	13			1	1	1	25	34	60	74
EL0302	1		31	32		1	3	4			8	8	44
ELD505		5	20	25			5	5			1	1	31
EL0701	1		19	20	1		2	3			3	3	26
EL0900			25	25									25
EL0902			19	19			1	1			1	1	21
ELD300			6	6			2	2	1	3	6	10	18
EL0801	2		7	9			5	5			1	1	15
ELD100		2	2	4			1	1		1	8	9	14
EL0503		6	4	10			2	2					12
EL0406			11	11							1	1	12
EL0401		9	2	11									11
EL0403		3	8	11									11
ELD501			7	7									7
EL0905			6	6			1	1					7
ELD301			1	1							3	3	4
ELD401		3		3									3
EL0303			2	2									2
ELD406						1		1			1	1	2
EL0901			1	1									1
ELD402		1		1									1
EL0501			1	1									1
ELD403		1		1									1
ELD502			1	1									1
Grand Total	61	467	6877	7405	26	38	265	329	19	244	655	918	8652

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

TABLE 6 - ILLEGAL CONNECTION – DISRUPTIVE RAID EXERCISES

			1ST QUARTER		2nd QUARTER		3rd QUARTER		4th QUARTER	
	FIN YR 2023/2024		JULY 2023 TO SEPTEMBER 2023		OCTOBER 2023 TO DECEMBER 2023		JANUARY 2024 TO MARCH 2024		APRIL 2024 TO JUNE 2024	
Suburb	DAYS VISISTED	HOURS VISITED	DAYS VISISTED	HOURS VISITED	DAYS VISISTED	HOURS VISITED	DAYS VISISTED	HOURS VISITED	DAYS VISISTED	HOURS VISITED
AIRPORT PHASE	20	87	7	32	8	32	3	15	2	8
AMALINDA	1	2	1	2	3	13	1	5	3	11
AMALINDA FOREST	10	42	3	13						
BREEZY VALLEY	1	3	1	3						
BUFFALO FLATS	24	75	8	25	6	16	8	30	2	4
CAMBRIDGE LOCATION	3	13	1	5			1	3	1	5
CBD	1	3					1	3		
DUNCAN VILLAGE	21	73	8	26	5	14	4	17	4	16
EAST BANK (Ndancama area)	1	3	1	3						
HAVEN HILLS	14	50	2	7	6	17	4	16	2	7
LEACHES BAY	1	5	1	5						
MDANTSANE	49	255	16	84	13	74	13	61	7	36
MZAMOMHLE	6	26	3	13	3	13				
NOMPUMELELO	15	64	2	6	2	8	6	27	5	23
SCENERY PARK	7	20	3	11	1	2	1	2	2	5
SPRINGBOK TROPHY TOUR	1	6			1	6				
STONEY DRIFT	22	64	3	9			5	15	1	6
SUMMERPRIDE	2	3	2	3	13	34				
	199	794	62	247	61	229	47	194	29	121

ELECTRICITY TARIFFS

NERSA approved the applied for 2024/25 electricity tariffs based on a conducted cost of supply study. This was both a NERSA and Legal requirement for the 2024/25 tariff application process. The change in the redesigning of the applied electricity tariffs was met with some resistance from the public, but numerous consultative meetings with stakeholder bodies highlighted the fact that the actual increase for 92% of our customer base was only an increase of +/-5% in actual monthly costs. Post paid tariffs were more cost reflective tariffs albeit with some tariffs (IE 3A,3B and 1B) being negotiated down by the Regulator. The overall NERSA increase across all customer categories amounted to 12.04%.

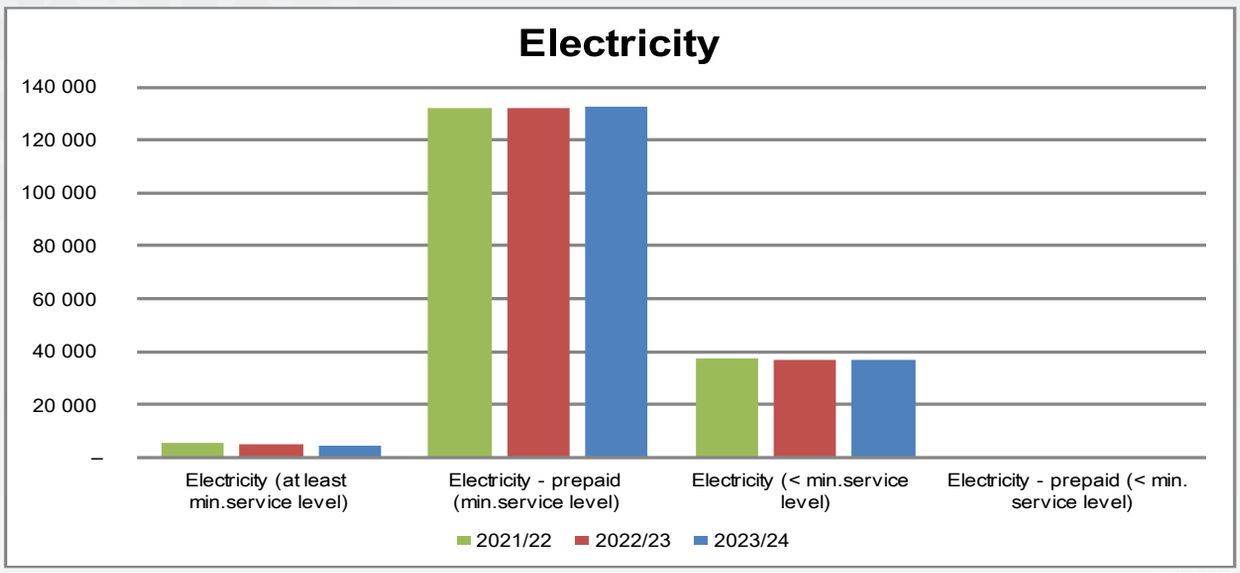
An analysis of electricity “Rand” yearly sales shows that 73.68% of electricity income is derived from three customer tariffs, viz, our medium voltage large power users, our domestic prepayment customers and from low voltage large power user customer categories (as broken down in the table below). A large power user financial recovery, meter inspection exercise is presently being undertaken by a contractor.

Table 7: % of Total Rand Sales, per customer group, for 2023/24

Tariff Name	Tariff Number	Number of consumers	Energy Sales - kWh	KWH Rand Sales	KVA Rand Sales	Fixed Charge Rand Sales	Total Revenue	% Total Revenue
LARGE INDUSTRIAL BUSINESS HV	3B	131	298758717,4	R340 281 200	R327 594 388	R2 653 047	R670 528 635	30,20%
DOMESTIC PREPAY	1B	86512	173469599,9	R519 501 837	R0	R0	R519 501 837	23,40%
LARGE INDUSTRIAL BUSINESS LV	3A	854	253739212,7	R290 395 113	R139 315 425	R16 051 179	R445 761 716	20,08%
SMALL COMMERCIAL BUSINESS	2A	2525	38468639,53	R118 863 610	R0	R8 322 447	R127 186 057	5,73%
DOMESTIC INDIGENT PREPAYMENT	1C	46346	57390532,55	R97 123 357	R0	R0	R97 123 357	4,37%
TOU LARGE INDUSTRIAL BUSINESS HV	4B	15	31806069,52	R60 101 451	R17 474 208	R295 094	R77 870 753	3,51%
DOMESTIC CREDIT	1A	4642	18958375,9	R53 642 614	R0	R8 711 472	R62 354 087	2,81%
PREPAYMENT SMALL COMMERCIAL CUSTOMERS	2B	3305	16561987,56	R59 128 556	R0	R0	R59 128 556	2,66%
STREET LIGHTS	401	14	18615809,48	R41 889 677	R0	R0	R41 889 677	1,89%
IDZ - AGREED ESKOM MEGA FLEX TARIFF +2.5%	IDZ	1	16573750,47	R25 384 563	R2 833 607	R5 288 694	R33 506 864	1,51%
LARGE INDUSTRIAL BUSINESS LV NON-PROFIT	3A NON-PROFIT	44	8987635,8	R9 033 370	R12 261 690	R624 713	R21 919 773	0,99%
TOU LARGE INDUSTRIAL BUSINESS LV	4A	26	6650464,354	R13 585 915	R5 053 809	R333 025	R18 972 749	0,85%
SSEG BUSINESS	902	8	5464924,191	R5 838 072	R8 626 108	R3 307 273	R17 771 453	0,80%
SMALL COMMERCIAL CUSTOMERS NON-PROFIT	2A NON-PROFIT	141	2841820,337	R8 073 911	R0	R775 741	R8 849 653	0,40%
SSEG DOMESTIC	900	46	3568243,157	R4 561 545	R0	R50 536	R4 612 081	0,21%
TRAFFIC SIGNALS	402	1	1510427,975	R4 084 049	R0	R0	R4 084 049	0,18%
PREPAYMENT LARGE INDUSTRIAL CUSTOMERS LV	3C	29	1076679,93	R3 826 316	R0	R0	R3 826 316	0,17%
DOMESTIC INDIGENT CREDIT	1C	219	1182485,167	R3 267 316	R0	R0	R3 267 316	0,15%
SPORTSFIELDS	406	12	333738,0673	R1 415 492	R0	R0	R1 415 492	0,06%
TEMPORARY & INTENERANT	6	12	67654,3988	R546 420	R0	R34 170	R580 590	0,03%
TEMPORARY & INTENERANT	6	14	7094,487982	R57 435	R0	R0	R57 435	0,00%
Total		144897	956033863	R1 660 601 819	R513 159 235	R46 447 391	R2 220 208 445	100,00%

T3.3.1.

Introduction To Electricity



T3.3.2.

Electricity Service Delivery Levels.

Electricity Service Delivery Levels				
Households				
Description	2020/2021	2021/2022	2022/2023	2023/2024
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min.service level)	4129	6132	5132	5133
Electricity - prepaid (min.service level)				
Minimum Service Level and Above sub-total	133	138	137	138
Minimum Service Level and Above Percentage	78.2%	78.9%	78.7%	78.9%
Energy: (below minimum level)				
Electricity (< min.service level)	37	37	37	37
Electricity - prepaid (< min. service level)				
Other energy sources				
Below Minimum Service Level sub-total	37	37	37	37
Below Minimum Service Level Percentage	21.8%	21.1%	21.3%	21.1%
Total number of households	170	175	174	175
			T 3.3.3	

Households - Electricity Delivery Levels below the minimum"

Households - Electricity Service Delivery Levels below the minimum						
					Households	
Description	2020/21	2021/22	2022/23	2023/24		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	135	140	139	139	139	139
Households below minimum service level	1	1	1	1	1	1
Proportion of households below minimum service level	1%	1%	1%	1%	1%	1%
Informal Settlements						
Total households	45	45	45	45	45	45
Households is below minimum service level	37	37	37	37	37	37
Proportion of households is below minimum service level	83%	83%	82%	82%	82%	82%
					T 3.3.4	

Electricity service policy objectives taken from the IDP

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of minimum supply of electricity	Number of new RDP household supplied with electricity	400	343	400	250	328	1000 new electrical service connections	1500 new electrical service connections	1500 new electrical service connections
Implement lighting programme to ensure adequate lighting coverage	Number of new t lights installed	9	6	9	6	6	15	10	10
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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.3.5

Employees at Electricity services.

Employees: Electricity Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	26	33	30	3	9%
4 - 6	76	78	73	5	6%
7 - 9	30	33	31	2	6%
10 - 12	59	62	58	4	6%
13 - 15	11	13	10	3	23%
16 - 18	2	2	2	0	0%
19 - 20	1	1	1	0	0%
Total	205	222	205	17	8%

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 3.3.6

Financial Performance for FINANCIAL YEAR 2023/2024: Electricity Services.

Financial Performance 2023/2024: Electricity Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,232,883	2,682,089	2,522,216	2,482,342	-8%
Expenditure:					
Employees	151,340	170,442	160,030	159,964	-7%
Repairs and Maintenance	134,564	150,074	161,397	159,265	6%
Other	2,414,702	3,183,408	2,681,961	3,511,500	9%
Total Operational Expenditure	2,700,606	3,503,924	3,003,387	3,830,729	9%
Net Operational Expenditure	467,722	821,835	481,171	1,348,387	39%
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

Capital expenditure for FINANCIAL YEAR 2023/2024: Electricity Services.

Capital Expenditure 2023/2024: Electricity Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	132,320	130,238	114,450	-16%	
BULK ELEC INFRAS UPGR (RING-FENCED 4%)	104,566	105,223	89,428	-17%	176,910
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	20,000	16,773	16,773	-19%	36,304
STREETLIGHT & HIGHASTS - BCMM AREAS OF SUPPLY	5,000	8,242	8,249	39%	13,909
TOOLS AND EQUIPMENT (SPECIALISED VEHICLES)	1,354	–	–	0%	–
BUILDING ALTERATIONS -BEACON BAY CIVIC CENTRE & OPERATIONS DEPOT	1,400	–	–	0%	–
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.3.8

Overall comment on electricity service performance.

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

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

- **Universal Access RDP Dwellings:** As an implementing agent of the National Governments Universal access program the Electricity and Energy Department implement electrification projects funded through Urban Settlement Development Grant (USDG) funding continuing to strive to provide universal access of electricity to all. BCMM provides a supply of 40-amp to all RDP dwellings which is above the minimum required supply of 20amps.

- **Access Informal Dwellings:** Electrification of informal areas remains a priority in BCMM, Due to the areas that remain not meeting the electrification criteria due to land ownership and high density it has become difficult to identify areas to electrify. The electrification of informal areas has several steps that are required to be taken before electrification can be considered, such as relocation of excess dwellings, identification of land and reorganizing the dwellings out of access roadways.

HIGH-MAST INSTALLATIONS

Installation of 6 x 40-meter High Mast Lights (Including Electrical Supplies)

Braelyn - Milkwood Cres Ward 1	Buffalo Flats: Alphendale HS Ward 8	Cnr Ziphunzana and Alphen Road Ward 10
GPS CO-ORDINATES	GPS CO-ORDINATES	GPS CO-ORDINATES
X: - 33.003006	X: - 33.015599	X: - 33.012315
Y: 27.875611	Y: 27.843831	Y: 27.844957

NU 2 MDT: Langelitsha JPS Ward 11	Reeston: Taxi Rank (erf 55984) Ward 13	NU 10 MDT: Nobhotwe JPS Ward 148
GPS CO-ORDINATES	GPS CO-ORDINATES	GPS CO-ORDINATES
X: - 32.951085	X: - 32.988073	X: - 32.929364
Y: 27.752186	Y: 27.780852	Y: 27.725346



Plinth Preparation



Cast Plint



Mast being erected



6 x 500 LED lights



Installed mast

NETWORK STABILITY/ ENHANCEMENT:

The Electricity & Energy Services Department is a service department which provides an essential service, without a reliable network and increased capacity, the Electricity Department cannot provide the services or install additional connections onto the network. while BCMM has injected capital funding into the network, the electricity network is remains in an unstable condition, due to excessive vandalism, theft illegal connections which has led capital funding being invested to replace equipment that should not need to be replaced, as it would still have been within it normal working life having to replace this equipment has led to other equipment not being maintained timeously which leads to failure of this equipment. These abnormal network conditions of vandalism, illegal connections and deferred maintenance have led to budget constraints, which force the Electricity Department to prioritize capital upgrading and replacement of the electrical network.

The consequence of the current status of the network has been a number of power outages and a poor quality of supply to electricity consumers. The Electrical Master plan is being updated it will include a strategic capital reinvestment plan, with achievable goals. The investment plan will include the capital budget required to ensure network stability. The aim of the investment plan will be to normalize the network so Buffalo City does not experience further electrical failures, which would have a negative impact on the city's economic growth and the municipality's income, as electricity sales account for the largest portion of Buffalo City's yearly income.

The Electricity Department received R107,94 million in the 2023/2024 financial year for capital projects. The electricity services department spent 84% of the budget implementing a number of projects to ensure a safe, reliable and efficient electrical network. In the year under review the electricity department upgraded, renewed and refurbished countless assets.

ACHIEVEMENTS 2023 – 2024
BULK ELECTRICITY INFRASTRUCTURE UPGRADE (Ring Fenced 4% of Revenue)

DESCRIPTION	EXPENDITURE
Sweetwaters Pole Changeover	2 366 816,19
Dimbaza Area Pole Change Overs	2 136 627,38
Chiselhurst Ext to Amalinda (build line / concrete poles)	518 748,16
Cambridge West OH Mains	3 467 094,54
Selborne Phase 1 OH Mains (Botha Rd)	2 350 642,53
Replacement Damaged Street Lighting Poles BCMM	836 670,64
Vincent OH Mains Upgrade	4 733 469,85
Woodbrook OH Line Install Open Wire	1 468 556,52
Gonubie Parking Lot	193 835,77
Settlersway OH Bays, Poles, Fittings	1 262 616,52
Supply & Del Transmission Transformer C337 Stoneydrift	14 102 761,63
Supply & Del Transmission Transformer C337 Progress	14 102 761,13
SCADA Coastal	5 716 967,98
SCADA Inland/Midland	3 777 427,50
Replace OH Poles Mdantsane	3 648 833,29
Gordons Road Southernwood M/Substation (Skyways)	2 133 001,91
Progress Subtation	2 972 212,29
6th Street Gonubie 630kVA M/Sub Transformer Replacement	241 638,91
Duncan Village D-Section Highmast	831 530,65
Woodbrook Substation	2 311 322,92
Teichmann Place Sunnyridge M/Substation	1 387 419,81
Access Control 2023/2024	1 752 131,49
Dimbaza Hyster Sub Replacement of RMU	383 594,74
Zwelitsha Relocate Line and Poles (2590 Zone 10)	2 100 234,29
Brill Street 500kVA HP Free Standing Transformer Replacement	518 596,59
Underfrequency Load Shedding	2 487 387,99
Caxton St Mini Sub No 2 630kVA M/S Transformer	241 638,91
Buffalo Flats Kiosk Replacement	2 260 661,96
Douglas Smith Highway Overhead Bays, Poles, Fittings	1 228 302,94
CBD Area, Oriental Plaza Overhead Bays, Poles, Fittings	1 913 823,13
Amalinda Circle Rd, CTM to bridge Overhead Mains	1 930 455,58
Baysville OH Mains	3 027 275,79
North End Overhead Bays, Poles, Fittings	1 098 622,84
Meadow Road	412 057,33





O/H Bulk 11Kv Line





O/H Mains Upgrade



Cable Trenching



Cable Terminations



Mini Substation Installation

ELECTRIFICATION

Formal

In terms of electricity service connections for RDP housing, the Electricity and Energy Services department implement electrification projects to provide electricity to formal houses. Annually, Buffalo City's Electricity and Energy Services Department request a list of dwellings that are ready for electrification as part of the Government's Universal Access policy.

The number of houses which can be connected is dependent on the number of completed dwellings and the funding provided through the USDG grant funds. In the year under review 328 low-income dwellings have been completed




Formal Electrification

Informal Electrification

It is recognized that informal settlements are an urban reality, at least in the medium term, will be the only form of housing available to many residents While some electrification has taken place, the program has stagnated due to many informal areas not meeting the minimum requirements, due to high density, in undevelopable areas and other issues, the backlog sits at over 87%. An electrification policy that sets out the requirements for electrification in a safe manner has been work shopped. Re-blocking is a term whereby areas that meet the electrification criteria but for a layout plan are re-organized and de-densified to allow clear pathways for electrification to take place

MAJOR CHALLENGES IN ELECTRICITY

During the year, under review, there are several issues that impact on the provision of a safe, effective, and reliable service.
The major issues impacting on the electricity and Energy Services Department are listed below:

a) Theft and Vandalism of equipment
b) Illegal connections, which damage the electrical equipment due to overload
c) Funding

There has been a substantial increase in the above, impacting on the level of service delivery being provided to the Buffalo City Metropolitan Municipality customer.

It has been found that some cable theft is being done to service the “illegal electricity” trade and not just for a financial gain.

The above trend has impacted significantly on Buffalo City Metropolitan Municipality’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.

Based on the above issues as well as others National Treasury identified, the need for service departments such as Electricity and Energy Services to implement a turnaround plan to ensure service

National Treasury's highlighted the following:

a) Problem Statement
b) Systematic underinvestment in rehabilitation and expansion of infrastructure.
c) Failing trading services business: reducing and negative cash flows from operations, with knock-on impact on municipal finances, and unable to support the necessary level of investments.

Underlying causes at city level

- Structural weakness in how business is set up: no financial transparency, and lack of management accountability, failing support services.
- Loss of management and technical skills necessary to run effective multi-billion infrastructure business'.
- Governance failures and weak leadership. Political instability, penetration of corrupt interests.

Contributing factors at National Level

- Grants are inefficient and lack incentives for performance and efficiency.
- Weakness in enabling environment: economic regulation, procurement, use of private section.

NT have stated, a bold response is needed To turn around the service departments and five conditions need to be met to achieve and sustain service business.

a) Single point of management accountability
b) Turnaround in cash revenue
c) A financial surplus
d) Clearly defined relationship between the service and the city
    - Full financial transparency for the Electricity & Energy Service.
    - A clearly defined financial relationship between city and service.
e) Stronger financial incentives are needed to support the turnaround in trading services businesses

VANDALISM AND THEFT

Vandalism and theft cause unnecessary budget to be spent on replacing equipment that was in good working order, this is necessary to ensure service is maintained to consumers. This work therefore takes priority over maintenance and capital work to ensure service delivery leading to deferred capital and maintenance projects

The Electricity and Energy Department spent over 90%% of the budget, on vandalism and theft.

Vandalized Network

TAMPERING AND ILLEGAL CONNECTIONS

The BCMM electricity department is responsible for providing a stable electricity supply to all consumers. The consistent land invasion of open spaces and the increasing illegal connections within the city are making reliable service delivery impossible in some areas, as the department has no control over this illegal act which is perpetrated by some of the community members within the area being serviced.
The Electricity Department has a Revenue Protection Unit which removes illegal connections on a continuous basis, but this is a losing battle as the illegal community returns the illegal services as soon as the Unit leaves the area due to no further action being taken against these individuals that are perpetrating this illegal act.

Illegal electricity users are connecting to the BCMM MV lines (11 000volts), to installing their own network using stolen transformers, which allows them to provide illegal services to a larger base off illegal consumers. This practice has created a higher risk to both the community and BCMM staff.

The actions of the illegal connectors have an effect not only on BCMM ability to provide an electrical service to legal consumers but leads too loss of revenue, damage to equipment and the electrical network.

If serious and decisive action is not taken by the Buffalo City Metropolitan Municipality council to halt the unchecked proliferation of illegal connections and illegal electrical networks unto the Buffalo City Metropolitan Municipality electrical network, the number of legal claims faced by BCMM will increase

ELECTRICITY BUDGETS:

The Operations and Maintenance budget being provided to the Electricity and Energy Service Department would be inadequate under normal network conditions, as shown above due to illegal connections, vandalism, and theft at least 90% or more of the budget is spent on this non-essential maintenance.

Deferred maintenance means the equipment is not maintained as it should be to avoid catastrophic failure. With load shedding the equipment is being pushed to critical limits which puts the network at risk as when the equipment fails the maintenance required is extensive refurbishment or capital replacement.

Deferred maintenance puts stress on the capital funding, as these catastrophic failures require immediate replacement, which leads to deferred capital projects unless funding is made available.

Capital funding should be used to replace existing equipment which has passed it normal working life span or to upgrade the electrical network to allow for additional load for new consumers, as shown above funding is used to replace equipment if maintained would not need to be replaced.

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

T3.3.9

3.4. WASTE MANAGEMENT.

Introduction to waste management

The Solid Waste Management Services Department provides waste management service in all three (3) regions of the City i.e. Coastal, Midland and Inland regions. This involves street sweeping, refuse removal and management of public conveniences. This function is undertaken in line with the recognized refuse collection schedule that is annually communicated with the BCMM residents. This is to ensure that the Citizens of BCMM including indigent and underprivileged communities live in an environment that is not harmful to their health and that the aesthetics of the City are improved.
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.

Waste management facilities within BCMM constitute two (2) permitted landfill sites viz: Roundhill Landfill site and King Williams Town Landfill site as well as three (3) BCMM owned and registered Transfer Stations viz: Kaysers Beach, Kidds Beach and Beacon Bay Garden Transfer stations. Gonubie Garden Transfer station is the only facility that is privately owned among the facilities that render services within the City. Additional to these waste management facilities are the two (2) newly established Garden Transfer Stations

situated in Mdantsane and Qonce which will be functional upon approval of the sites for operation as they are not yet registered. Solid Waste Management Services Department is currently facilitating the registration process with Department of Economic Development, Environmental Affairs and Tourism (DEDEAT).

The Department is also responsible for diversion of waste from landfill disposal and has established eight (8) Buy-Back Centres. The buy-back centres play a positive role in the environment by facilitating recycling, creating income opportunities for individuals in the community, particularly waste pickers and contributing to a cleaner environment by diverting recyclable materials from landfills. The buy-back centres act as a vital link between the informal waste collection sector and the formal recycling industry, generating jobs and promoting sustainable practices. During the reporting period, over 830 000 kilograms of recyclable waste were diverted from landfill disposal.

Waste management activities and interventions undertaken are as follows:

- The City rehabilitated its waste management facilities, including the Roundhill Landfill site, the King Williams Town Landfill site, the Kayser's Beach Garden Transfer, and the Kidd's Beach Garden Transfer Station in order to improve and maintain compliance. The facilities were fenced off, the Material Recovery Facility at the Roundhill Landfill site was renovated, access control and access roads were upgraded, weighbridges were fixed, and the wastewater treatment facility was fixed. The budget for these refurbishments was R16 533 147,00.
- Establishment of Mdantsane Garden Transfer Station and Qonce Garden Transfer Station for management of garden and builder's rubble, servicing all ward in the Inland and Midland Region.
- The City was experiencing growing littering and random disposal of waste which called for implementation of the clearance of illegal dumps programme informed by supervisor inspections and community complaints in all three regions of the City (Coastal, Midland and Inland regions). Some of these spots are cleaned up and the business community adopts them for purposes of using the spaces for business or beautification programme.
- Solid Waste Management Services Department implemented Integrated Rapid Response Team (IRRT) project, Expanded Public Works Programme (EPWP) and Public Employment Programmes (PEP) to improve the state of cleanliness of both informal and formal settlements throughout the City.
- The challenge of frequent breakdowns of refuse removal trucks resulted to clustering of service areas for refuse collection 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 that yield visible improvement in cleanliness of the City.
- Distribution of refuse bags to informal and formal households including implementing a weekly refuse collection service as part of ensuring maximum cleanliness throughout the City.
- In order to improve the state of cleanliness in the City, the Solid Waste Management Department launched vigorous cleanup campaigns in both formal and informal settlements in partnership with Political Leadership and members of the community.

Implementation of a working arrangement where a three-shift system was utilised to improve the standard of services offered to the public. The positive outcomes to this intervention was reduced overtime paid, integrated daily operations and satisfaction of various household patterns.

T3.4.1.

Solid Waste Service Delivery Levels.

Solid Waste Service Delivery Levels				
			Households	
Description	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				

Solid Waste Service Delivery Levels				
			Households	
Description	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Removed at least once a week	157,392	157,392	157,392	157,392
Minimum Service Level and Above sub-total	157,392	157,392	157,392	157,392
Minimum Service Level and Above percentage	71.1%	71.1%	71.1%	71.1%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	2012.11	2,012	2012.11	2012.11
Using communal refuse dump	6,707	6,707	6,707	6,707
Using own refuse dump	46,949	46,949	46,949	46,949
Other rubbish disposal	3,130	3,130	3,130	3,130
No rubbish disposal	7,154	7,154	7,154	7,154
Below Minimum Service Level sub-total	63,942	63,942	63,942	63,942
Below Minimum Service Level percentage	28.9%	28.9%	28.9%	28.9%
Total number of households	221,334	223,344	223,344	223,344
			T 3.4.2	

Households - Solid Waste Service Delivery Levels below the minimum						
					Households	
Description	2020/21	2021/22	2022/23	2023/24		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	46,949	46,949	46,949	46,949	46,949	46,949
Households below minimum service level	46,949	46,949	46,949	46,949	46,949	46,949
Proportion of households below minimum service level	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Informal Settlements						
Total households	19003	19003	19003	19003	19003	19003
Households ts below minimum service level	19003	19003	19003	19003	19003	19003
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%	100%
					T 3.4.3	

Waste Management Services Policy Objectives taken from the IDP

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/23		2023/24			2024/25	2025/26	
		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)
Waste handling-known informal settlements receiving integrated waste handling services	100% of known informal settlements receiving integrated waste handling services	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.	100% of known informal settlements receiving integrated waste handling services.
Number of Waste Diversion Buy-Back Centres Established	Four Buyback centres established	Four (4) buy back centres have been established.	Four (4) buy back centres have been established.	N/A	N/A	N/A	N/A	N/A	N/A
Number of Waste Diversion Garden Transfer Stations established	1 Waste Diversion Garden Transfer Station established	N/A	N/A	1 Waste Diversion Garden Transfer Station established	1 Waste Diversion Garden Transfer Station established	1 Waste Diversion Garden Transfer Station established	2 Waste Diversion Garden Transfer Station established	2 Waste Diversion Garden Transfer Station established	2 Waste Diversion Garden Transfer Station established
Implementation of waste diversion initiatives-Number of Tons of recyclables diverted from Landfills to Buy-Back Centres	Tons/ Kilograms of recyclables diverted	80 Tons of recyclables diverted from Landfills to Buy-Back Centres	467,5 Tons (467 500 kg) of recyclables diverted from Landfills to Buy-Back Centres	467,5 Tons (467 500 kg) of recyclables diverted from Landfills to Buy-Back Centres	600 000 kg of recyclables diverted from Landfills to Buy-Back Centres	838 011.30 kg of recyclables diverted from Landfills to Buy-Back Centres	800 000 kg of recyclables diverted from Landfills to Buy-Back Centres	600 000 kg of recyclables diverted from Landfills to Buy-Back Centres	600 000 kg of recyclables diverted from Landfills to Buy-Back Centres
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 incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.4.4

T3.4.4.

Employees at Solid Waste services.

Employees: Solid Waste Management Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	541	558	514	44	8%
4 - 6	31	34	31	3	9%
7 - 9	77	87	71	16	18%
10 - 12	11	13	12	1	8%
13 - 15	2	2	2	0	0%
16 - 18	4	4	4	0	0%
19 - 20	2	2	2	0	0%
Total	668	700	636	64	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. T3.4.5

Employees at Waste Disposal & Other Services.

Employees: Waste Disposal and Other Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	19	20	19	1	5%
4 - 6	9	10	4	6	60%
7 - 9	3	8	7	1	13%
10 - 12	1	1	0	1	100%
13 - 15	0	1	0	1	100%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	33	41	31	10	24%

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. T3.4.6

Financial Performance for FINANCIAL YEAR 2023/2024: Solid Waste Management Services.

Financial Performance 2023/2024: Solid Waste Management Services					
R'000					
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	565,011	597,650	706,896	668,946	4%
Expenditure:				–	
Employees	225,881	273,658	229,982	229,982	2%
Repairs and Maintenance	11,191	12,325	8,325	8,325	-6%
Other	262,528	171,180	336,025	372,064	42%
Total Operational Expenditure	499,600	457,163	574,332	610,371	18%
Net Operational Expenditure	(65,411)	(140,487)	(132,564)	(58,575)	-59%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.7

Financial Performance for FINANCIAL YEAR 2023/2024: Waste Disposal and other Services.

Financial Performance 2023/2024: Waste Disposal and Other Services					
R'000					
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,203	8,269	8,269	740	-1017%
Expenditure:					
Employees	15,639	17,560	14,856	14,856	-18%
Repairs and Maintenance	149	160	30	30	-440%
Other	22,891	12,329	25,881	25,879	52%
Total Operational Expenditure	38,679	30,048	40,766	40,764	26%
Net Operational Expenditure	36,476	21,780	32,497	40,024	46%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.8

Capital expenditure for FINANCIAL YEAR 2023/2024: Waste Management Services.

Capital Expenditure 2023/2024: Waste Management Services					
R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	26,000	37,053	26,651	2%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	427	118	-323%	118
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	–	171	171	100%	171
BCM FLEET AND PLANT - FOR SOLID WASTE AND ENVIRONMENTAL MANAGEMENT	7,500	6,000	–	0%	8,000
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	2,000	3,000	–	0%	3,000
CONSTRUCTION OF WASTE CELLS AT KWT LANDFILL SITE	6,300	16,533	16,482	0%	24,500
CONSTRUCTION OF CELLS AND ANCILLARY WORKS IN THE LANDFILL SITES	1,000	797	797	0%	24,412
ESTABLISHMENT OF GARDEN TRANSFER STATIONS (MIDLAND)	4,350	4,740	4,740	8%	4,740
ESTABLISHMENT OF GARDEN TRANSFER STATIONS (INLAND)	4,350	4,855	4,113	-6%	4,113
GUARDRAILS		230	230	100%	230
CONSTRUCTION OF STAFF ACCOMODATION		300	–	0%	–
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

Overall comment on waste management performance.

The first major priority project implemented in the City's was the refurbishment of waste management facilities namely:

- Roundhill Landfill site and King Williams Town Landfill site towards improving and maintaining compliance with the permit conditions of the landfill sites.
- Kayser's Beach Garden Transfer Station and Kidd's Beach Garden Transfer Station were also upgraded and refurbished also to improve and maintain compliance with the conditions of the certificates.
- The refurbishments included fencing of the facilities, refurbishing the Material Recovery Facility at Roundhill landfill site, upgrading access control and access roads, fixing the weighbridges in both landfills and the leachate treatment facility.
- Two garden transfer stations, one in Mdantsane and another one in Qonce were established for management of garden waste and builder's rubble, servicing all wards in the Midland and Inland Regions respectively.
- The eight (8) Buy-Back Centres (BBCs) were operational over the reporting period of 2023/2024 financial year and they serve as multi-recycling centres for buying, sorting and resale of various plastic materials and other recyclables such as paper, cans, glass or bottles. The BBCs help to improve recycling and ensure that the waste that is disposed at landfills is reduced.
- Another priority project was the installation of galvanized street litter bins in all three regions of the City to curb littering rate.

In addition to this, the City intensified its efforts for street cleaning, litter picking, gutter clearance, bush clearing etc. through Integrated Rapid Response Team (IRRT), Expanded Public Works Programme (EPWP) and the Public Employment Programme (PEP).
T3.4.10

3.5. HOUSING.

Introduction to housing.

Section 26 (1) of the Constitution sates 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 e.g. Spatial Planning and Land Use Management Act (Act 56 of 2003), Intergovernmental Relations Framework Act (13 of 2005) and Regulations, The National Housing Code of 2009, "Breaking New Ground": A Comprehensive Plan for the Development of Sustainable Human Settlements,2004. In terms of Housing Act 107 of 1997, the Housing Planning and Strategy Department ensures that there are policies and strategies in place for provision of housing opportunities. This Department through Council formulated Allocation and Relocation Policy of 2014 which need to be reviewed, Integrated Sustainable Human Settlements Plan (ISHSP).

The Buffalo City Metropolitan Municipality undertakes to prioritise housing and related services, identify and designate land for human settlements development, initiate, co-ordinate, facilitate, promote and enable appropriate human settlements development as mandated by the Constitution of the Republic of South Africa. The BCMM Human Settlements Directorate also undertakes to take steps to ensure that the residents of its area have access to sustainable housing on a progressive basis. Furthermore, to ensure that the environment in which they are living is of good quality of life with good health and safety standards. The sustainable development of affordable and well-located rental and social housing stock for the urbanising, speedily growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a housing priority. There are Social Housing projects within Buffalo City Metro which are administered and funded by Provincial Department of Human Settlements, projects such as Own Haven Housing Association which consists of 249 Units and are fully tenanted, Hlala Nathi Social Housing which is going to yield 603 Units but the project is blocked due to funding agreement and other

legal related matters, Belgravia Valley Phase 3 which is going to yield 370 Units and the project is blocked due to lack of demand by potential tenants etc. In order to improve service delivery in terms of social housing development, the Directorate assisted in the application of restructuring zones to be gazetted such as Mount Ruth and Mdantsane CBD. There are also Social Housing Institutions (SHIs) developers that are interested to develop social housing units within BCMM, but those SHIs are still on planning stage.

It should be noted that a major challenge for the Buffalo City Metropolitan Municipality has been a lack of abundantly well-located and affordable land for human settlement creation. The public land is vested in the state and it has proven to be a very difficult exercise to access state land as compared to accessing privately owned land. Purchasing for more land by the BCMM needs to be prioritized. Land release is further impeded by the various pieces of legislation and the legal procedures related to the alienation of land, the difficulties in accessing state-owned land and the constitutional imperatives impacting on the acquisition of private land.

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

The slow pace of land release and or transfer of ownership to BCMM is taking longer than anticipated. These challenges caused delays in the desired pace to upgrade informal settlements through provision of full serviced sites and building of adequate housing for homeless, destitute citizen and backyard dwellers of BCMM. There is an urgent need to unlock all land parcels to improve service delivery. However, the BCMM Council has tasked and mandated Directorate of Spatial Planning and Development to conduct 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 needs a paradigm shift in providing mostly houses to the household families who are residing in informal settlements. However, this has created an animosity to the households who are residing in back yard shacks and to those who are blue card holders. The Human Settlements Directorate has undertaken to change its strategy by attempting to strike a balance in providing houses to the informal settlement's household families and to those who are residing in back yard shacks and to the blue card holders. BCMM Human Settlements Directorate need to consider amending the policy in order to focus on people staying on the backyard and those with blue cards. Again, the Metro need to consider implementing Intergraded Residential Development Programme (IRDP) which is site and service where non- qualifiers in terms of BNG criteria will be considered in all housing developments in future.

The BCMM has ±115 024 prospective beneficiaries that are expressed in the National Housing Needs Register (NHNR). These prospective beneficiaries are kept in NHNR system up until land is made available by Directorate of Spatial Planning and Development and budget is made available by Provincial Department of Human Settlements. 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 and Infrastructural Services Directorates work hand in hand in respect Informal Settlements Upgrading Programme (ISUP) this programme is funded through Informal Settlement Upgrading Partnership Grant (ISUPG). As part of the proposed paradigm shift, Human Settlements has initiated an informal settlements re-blocking programme which has received support from the National Department of Human Settlements starting from 2024/25 financial year. The programme seeks to further enhance the provision of basic services to informal settlements that will take longer to plan for full upgrade.

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

In the financial year 2023/2024, the Directorate had completed 379 top structures, 197 internal services and 2 030 beneficiaries were registered in the National Housing Needs Register (NHNR). NHNR is the planning tool that the Directorate of Human Settlements is using when planning for human settlements development for future projects.

The Directorate has conducted more than 34 sessions of Housing Consumer Education in BCMM Wards as an attempt to educate prospective beneficiaries about all Human Settlements programmes and policies in terms of qualification criteria and about the processes that lead to the ownership, management and maintenance of a house. Beneficiary Administration unit is continuing to do beneficiary registration where there is funding agreement between Province and BCMM in all projects that are implemented by BCMM Human Settlements Directorate within BCMM jurisdiction. This Unit also assists in community profiling exercise, verification exercise and shack numbering where there are illegal occupation matters, double allocation and other challenges facing Human Settlements Directorate. Then thereafter Relocation unit will relocate HSS approved beneficiaries to their respective RDP completed houses.

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

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

- Given the above-mentioned service delivery achievement & estimated population of four people per household, 379 housing units that were built, about 1 516 people (mostly from informal settlements) were provided with structural sound roof over their heads with basic services. There is improvement in service delivery during the year 2023/2024, in the following major construction projects:

#	PROJECT	DETAILS
1	Mdantsane Zone 18 cc (phase 1 & 2)	1 500 top structures& internal services
2	Peelton Housing Project	598 top-structures (only)
3	Mdantsane Cluster 2	366 top structures & internal services
4	West bank Restitution	900 internal services (only)
5	Boxwood Housing Construction	1404 (Top-structures & Internal Services)
6	Breidbash Housing Project	139 (Top-structures & internal services)

However, the above service delivery contracts have huge infrastructure capital & top-structure operating budget intake that need reconsideration of budget allocation that will seek to prioritise them to avoid budget constraints that might affect the payment of contractors on site and further lead to service delivery interruptions & protest. We have since established that the service delivery demands expressed in Council Integrated Development Plan (IDP) are not met with budget allocations especial with recent National Treasury Grant Budget Allocations Reductions or cuts.

In order to circumvent the budget shortfall crisis, spreading projects across all wards and end up having to stop some that are under construction due to budget shortfalls, beneficiary allocations of houses need not to be ward based, when there is a major construction project, it should be accommodating of all people needing houses across Buffalo City jurisdiction and targeting to addressing the housing backlog in the Metro.

Impact :

- The progress made in providing 379 top structures and 197 serviced sites has major impact on the programme of moving people from dense & health hazardous informal settlements where individuals are currently sharing ablution facilities and exposed to numerous opportunistic diseases. During construction of internal services and houses, social economic activities made a major impact on people's lives. 714 job opportunities were created, and skills were developed.

T3.5.1

Percentage of households with access to basic housing

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2020/21	223,568	162,068	72.4%
2021/22	233,400	163,000	69.8%
2022/23	280,951	166,451	59.2%
2023/24	268 438	229 783	85,6%
			T 3.5.2

Housing service policy objectives taken from the IDP

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
To promote an integrated spatial form	Number of subsidized housing units completed	748	363	363	748	379	500	N/A	500
To promote an integrated spatial form	Number of formal sites serviced	629	378	378	643	197	1000	N/A	1000
Housing Developments located in quality environments and close to economic opportunities	Number of beneficiaries registered for housing opportunities	2010	2125	2125	2020	2030	2020	N/A	2020
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T3.5.3

Employees at Housing.

Employees: Housing Services					
Job Level	2022/2023	2024/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	12	12	12	0	0%
4 - 6	3	4	3	1	25%
7 - 9	30	30	28	2	7%
10 - 12	8	8	8	0	0%
13 - 15	7	7	6	1	14%
16 - 18	3	3	3	0	0%
19 - 20	1	1	1	0	0%
Total	64	65	61	4	6%

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 3.5.4

Financial Performance for FINANCIAL YEAR 2023/2024: Housing Services.

Financial Performance Year 2023/2024: Human Settlements Services					
R'000					
Details	Year -2022/2023	Year2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	107,541	123,683	123,683	17,789	-595%
Expenditure:					
Employees	39,413	41,876	41,876	41,876	0%
Repairs and Maintenance	343	380	380	380	0%
Other	22,402	145,184	130,643	24,947	-482%
Total Operational Expenditure	62,157	187,439	172,899	67,202	-179%
Net Operational Expenditure	(45,384)	63,756	49,215	49,413	-29%
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

Capital expenditure for FINANCIAL YEAR 2023/2024: Housing Services.

Capital Expenditure Year 2023/2024 Housing Services					
R' 000					
Capital Projects	Year2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	278,200	240,022	234,742	-19%	
Office Furniture and Equipment (Directorate)	500	43	43	0%	500
Cluster 3	5,000	5,169	5,169	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	20,000	12,000	12,000	-67%	149,883
Amalinda Co- Op	–	435	435	100%	–
Cluster 1	1,000	6,001	6,001	83%	205,274
Cluster 2	15,000	30,459	30,459	51%	107,675
Duncan Vill Comp Site	500	–	–	0%	–
Braelyn Ext 10	2,000	–	–	0%	6,925
Tyutyu Phase 3	2,000	3,013	3,013	34%	39,715
Westbank Restitution	25,000	11,609	11,609	-115%	11,778
C Section & Triangular Site	500	–	–	0%	387
D Hostel	3,000	–	–	0%	612
Ford Msimango	500	–	–	0%	2,887
N2 Road Reserve	1,000	–	–	0%	–
Hani Park- Water	5,000	2,037	2,037	0%	174

Capital Expenditure Year 2023/2024 Housing Services					
R' 000					
Capital Projects	Year2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Hlalani Water	5,000	3,092	3,092	0%	916
Phola Park- Water	5,000	5,249	5,249	0%	390
Berlin Lingelitsha- Phase 1- Water	5,000	5,000	5,000	0%	3,008
Ilitha Sportfield- Water	5,000	1,161	1,161	0%	807
Empilisweni- Water	5,000	6,280	6,280	0%	849
Matsheni Park- Water	5,000	3,477	3,477	-44%	1,477
Khayelitsha- Water	5,000	4,518	4,518	-11%	2,629
Xhwitinja- Water	–	–	–	0%	–
Kwa Tshatshu- Water	1,000	–	–	0%	–
Ginsberg- Water	5,000	–	–	0%	1,762
Slovo Park- Water	5,000	57	–	0%	–
Ekuphumleni- Water	3,000	176	–	0%	–
Ethembeni- Water	3,000	345	–	0%	–
East Bank Restitution	3,000	–	–	0%	–
Reeston Phase 3 Stage 2	25,000	5,028	5,028	-397%	60,146
KWT GOLF CLUB/ SWEETWATERS (NEW)	2,000	–	–	0%	778
TEMPORARY RELOCATION UNIT (WEST BANK FARM 194)	–	7,309	7,309	100%	10,000
Nondula- Water	5,000	–	–	0%	3,505
MANYANO THEMBELIHLE ROADS & STORMWATER	–	179	179	0%	–
Boxwood Project	20,000	29,804	27,361	27%	117,691
CNIP Victims Project- Cambridge West	5,000	750	750	-567%	20,046
Reeston Phase 3 Stage 3	200	–	–	0%	–
Phakamisa South	4,000	11,500	11,500	65%	68,419
Ilitha 177	3,000	1,775	1,775	-69%	8,771
Dimbaza Shuter Houses	5,000	2,761	2,761	-81%	3,221
Mzamomhle- Peoples Housing Process	5,000	16,632	15,725	68%	16,613
Parkhomes for Destitute & GBV Victims	10,000	12,039	11,053	10%	2,221
Ziphunzana Bypass Relocation Site (TRA's)	19,000	9,413	9,413	-102%	5,995
Mdatshane Erf 81,87, 88 relocation unit	10,000	14,295	14,295	30%	149,866
Fynbos Relocation Site Unit	500	366	–	0%	2,795
Potsdam Ikhwezi Block 1	10,000	5,654	5,654	-77%	15,131
Haven Hills TRU	5,000	–	–	43%	8,846
Hemingways Informal Settlements	1,000	897	897	-11%	260
Silvertown	1,000	–	–	0%	851
Lillyvale- Roads	5,000	21,499	21,499	77%	14,410

T3.5.6.

Overall comment on Housing Services.

The major capital infrastructure budget projects that require prioritisation are the following:

- West Bank Restitution of 2025 internal services sites in total
- Mdantsane zone 18 cc 1500 sites (need road construction)
- Reeston Phase 3 stage 2 of 1650 internal services site
- Boxwood Housing Project Bulk Infrastructure to services about 4000 internal services sites in total.

The above capital infrastructure budget projects constitute a total estimate of 9175 serviced sites (with water, sanitation, roads & stormwater) over the next three-year period at an estimated costs of R 1.1 billion budget required over the financial years. Under the current National Treasury budget allocations, it will be difficult to services these major construction projects with budget allocations to complete in the next five-year period especial when we take into account other informal settlement upgrading projects across the Metro that are estimated at another R 500 million in the next three-year budget period. In that case, BCMM strength for additional funding allocations is based on the fact that the major projects are ready for implementation, so possibility of spending all the additional funding when secured, can be doubted.

The review will assist BCMM for planning and budgeting purposes. The highest density and number of informal settlement structures is located in Duncan Village. The current data reading backyard shacks is ± 40 000 in BCMM, with the highest numbers being in the greater East London area and the Mdantsane and Potsdam area.

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

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

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

However, owing to the extent of the housing to be delivered and the income levels of the beneficiaries, the impact of this housing programme will be significant both in terms of land acquisition, state land transfer, water / sanitation services provisions (extent of infrastructure required to support such development) and the sustainability of the Municipality in maintaining such services (most beneficiaries of the housing programme will more than likely not be able to afford the higher levels of service).

Various housing projects were implemented within Buffalo City Metropolitan Municipality with the support of the Provincial Department of Human Settlements implementing some of the projects within our jurisdiction. These projects are geographically scattered in the following areas:

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

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

Emergency temporal housing units delivered in 2023/24

The table below shows the number of TRU's provided by Eastern Cape Department of Human Settlements (ECDoHS) & Buffalo City Metropolitan Municipality in all fifty (50) wards under the BCMM's jurisdiction.

No.	No of shelters erected	Ward Cllr	Ward No.	Comments	Financial Year	Regions
1	4	Cllr Ciliza	1	Installation complete	2023/2024	Coastal
2	4	Cllr Pearl	10	Installation complete	2023/2024	Coastal
3	12	Cllr Whittington	30	Installation complete	2023/2024	Midland
4	16	Cllr Phandliwe	35	Installation complete	2023/2024	Inland
5	15	Cllr Gcwabe	20	Installation complete	2023/2024	Midland
6	6	Cllr Mahanjana	43	Installation complete	2023/2024	Inland
7	9	Cllr Majeke	8	Installation complete	2023/2024	Coastal
8	8	Cllr Dywili	2	Installation complete	2023/2024	Coastal
9	12	Cllr Gulwa	23	Installation complete	2023/2024	Midland
10	2	Cllr Mtyingizane	14	Installation complete	2023/2024	Midland
11	1	Cllr Mkrwebi	17	Installation complete	2023/2024	Midland
12	1	Cllr Daniso	44	Installation complete	2023/2024	Midland
13	10	Cllr Sauli	36	Installation complete	2023/2024	Inland
14	5	Cllr Gqola	39	Installation complete	2023/2024	Inland
15	2	Cllr Thomas	33	Installation complete	2023/2024	Coastal
16	4	Cllr Goci	5	Installation complete	2023/2024	Coastal
17	2	Cllr Wetsetse	9	Installation complete	2023/2024	Coastal
18	2	Cllr Tutu	24	Installation complete	2023/2024	Midland
19	1	Cllr Tempi	45	Installation complete	2023/2024	Inland
20	2	Cllr Sabani	32	Installation complete	2023/2024	Coastal
21	114	Cllr Bamla	42	Installation complete	2023/2024	Midland
TOTAL	232					

During the 2023/2024 financial year budget the following four housing projects were the largest:

a) Mdantsane zone 18 cc of 1500 housing units with internal services (operating & Capital budget intake
b) Peelton Housing Project 598 housing units (operating budget intake)
c) Reeston Phase 3 stage 2 housing project 450 housing units and internal services (Operating & Capital budget intake)
d) West Bank Restitution Housing Project of 970 internal services only (capital budget intake only)

All Human Settlements projects that have Council budget approval are regarded as the priority, there are no different ranking in terms of which projects are more important than others, as they are all driven by the purpose to eradicate informal settlements and ensure tenure security to people residing in unbearable living conditions. However, other projects consume more budgets than others due to different sizes in terms of number of housing units/individual owned sites to be provided.

- As far as approved budget estimate vs tendered contract value variances is concerned, there are often cost differences where the approved Council budget falls short from the actual contract values that are the outcome of the competitive bidding process (Council can't impose how the contractors price the job/project). Due to a number of projects demand across 50 wards of the Council that need to find expression into the budget allocation. We spread or split the projects with huge budget consumption over the three-year budget cycle allocations in an attempt to mitigate budget shortcomings.

T3.5.7

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT.

Introduction to Free Basic Service and Indigent Support.

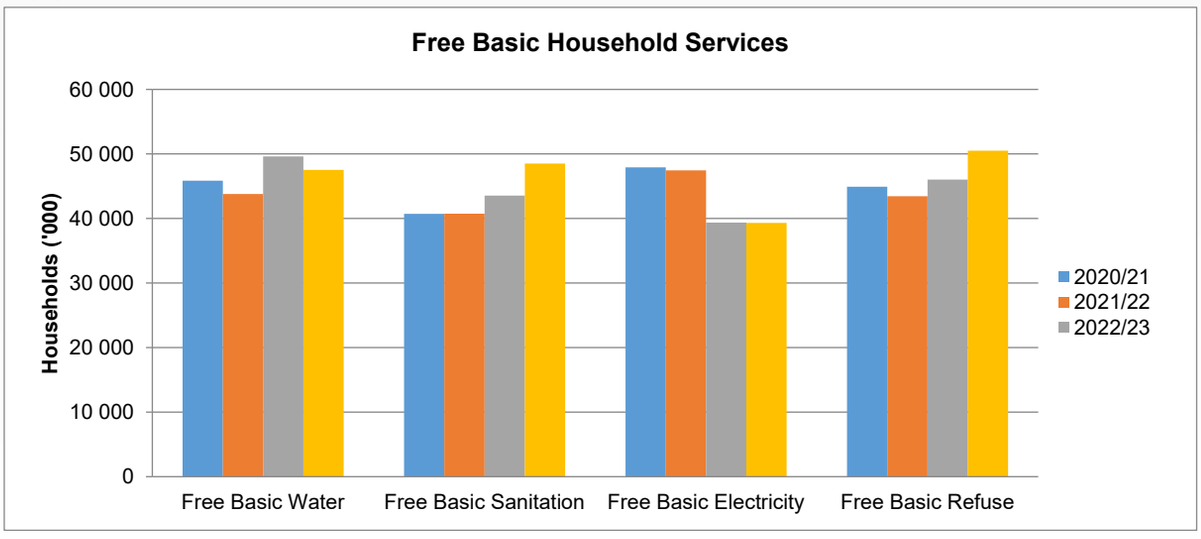
In terms of its Constitutional obligation, BCMM provides a monthly indigent subsidy to registered indigent customers. BCMM has an Indigent Support Policy and By-law in place that governs the application process and financial aspects. Council reviewed the Indigent Support Policy for 2023/24. For the period 2023/24, 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 R4,180 for 2023/2024) or property value R150,000 or less. The subsidy relates to electricity (50kWh), water (6kl), refuse removal, sanitation, property rates. Every month, with the monthly billing, the indigent subsidy is granted on the Indigent Beneficiaries' accounts. For free basic electricity, customer claim their 50kWh every month via the vending system.

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

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

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

T 3.6.1



T3.6.2.

Free basic household services to low-income households.

Free Basic Services To Low Income Households										
	Number of households									
	Grand Total	Households earning less than R4,180 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
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%
2023/24	53,631	53,831	47,520	100%	48,509	100%	39,321	100%	50,490	100%
									T 3.6.3	

Financial Performance for FINANCIAL YEAR 2023/2024: Cost to Municipality for Free Basic Services.

Financial Performance 2023/2024: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2022/2023	2023/2024			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	262,114,845	227,055,994	227,055,994	240,065,112	5%
Waste Water (Sanitation)	73,090,234	103,510,924	103,510,924	51,985,612	-99%
Electricity	32,466,590	95,145,686	95,145,686	48,359,800	-97%
Waste Management (Solid Waste)	149,818,130	175,413,500	175,413,500	89,610,619	-96%
Total	517,489,799	601,126,104	601,126,104	430,021,142	-40%
				T 3.6.4	

Free Basic Service policy objectives taken from the IDP

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024					
		Target	Actual	Target		Actual	Target		
Service Indicators		*2022/2023		2022/2023	2023/2024		2024/2025	2025/2026	2026/2027
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
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%	7.15%	5.00%	5.00%	5.61%	5.00%	5.00%	5.00%
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%	12.51%	10.00%	10.00%	11.44%	10.00%	10.00%	10.00%
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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.6.5

Overall comment on Free Basic Service.

For the period 2023/24, 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 R4,180 for 2023/2024) or property value R150,000 or less. The subsidy relates to electricity (50kWh), water (6kl), refuse removal, sanitation, property rates. Every month, with the monthly billing, the indigent subsidy is granted on the Indigent Beneficiaries' accounts. For free basic electricity, customer claim their 50kWh every month via the vending system.

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

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

T3.6.6

COMPONENT B: ROAD TRANSPORT.

INTRODUCTION TO ROAD TRANSPORT

Strategy
To develop 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.

The following were some of the priorities for the financial year under review:
The Development of the Sleeper Site Phase 2 project has been prioritised for planning and implementation. The Project Entails the 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 side's streets to carter for more parking facilities. The Construction of the Works started in September 2022 and was completed in December 2023.

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-founding that was required by from the municipality, revenue anticipated from commuters and the capital funding from the National Department of Transport 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 November 2024.

T3.7.

3.7. ROADS.

Introduction to roads.

The BCMM Roads branches core responsibility is to provide a safe all-weather roads network for all road users within the municipality. The provision of transportation infrastructure, namely roads is a key service which greatly impacts on the daily lives of residents and businesses.

Roads that are well-maintained and properly designed not only enhanced the overall safety for motorists and pedestrians but also contributes to efficiency and economic growth. Investors and private individuals alike consider mobility and access as key factors when deciding to invest or settle in a city. BCMM is well placed as a transportation hub with multiple modes of transportation for people goods and services centrally located. The Harbour, Airport and Rail linkages are all well placed in close proximity to the west bank precinct which is a key catalytic area for the growth and development of the city. The recent upgrade of Settlers Way and Military Road has greatly improved the road linkage between these modes of transportation.

The Buffalo City Metropolitan Municipality (BCMM) roads network consists of ± 3327 km of surfaced and gravel roads network. With an estimated replacement cost of R 9,7 billion. The surfaced roads network which includes Asphalt, Concrete and Block Paved Roads consists of ± 1709km of roads with an estimated replacement cost of ± R 7.3 billion and a Gravel roads network of ± 1618km with an estimated replacement cost of R 2,4 billion.

The Roads Branch had an annual capital budget allocation of R 152 million for upgrading of roads, rehabilitation and resurfacing of surfaced roads, and re-gravelling of rural roads. An amount of R 98 million was allocated under the operational budget for the maintenance of existing roads and road furniture.

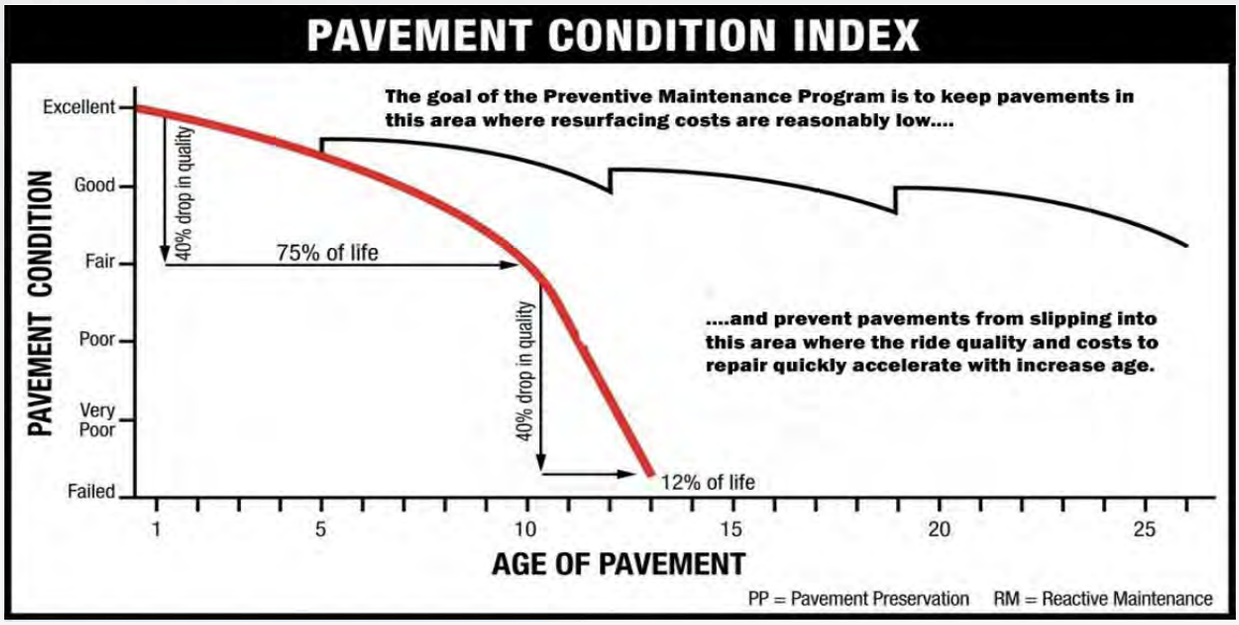
The department is currently in the process of reviewing the tender specifications for the appointment of a professional service provider to carry out the compilation of the BCMM Pavement Management system (PMS) The scope of work includes inventory and condition assessment surveys for the entire roads, stormwater and bridges inventory under the control of the municipality. The previous contract for the PMS was not considered by the Bid Adjudication (BAC) and was subsequently cancelled.

The Pavement management system (PMS) is an important tool for the planning and management of infrastructure. 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.

Below Graph shows the relationship between the road condition and the repair cost. Ideally an effective reseal program will take place when the road is in the good condition grade, where the reseal, costs are relatively low. As the condition of the road deteriorates, the cost of repair/rehabilitation increases exponentially. A road in a very poor condition can be up to 18 x more expensive to repair/rehabilitate as it may require total reconstruction.



During the lifecycle of a surfaced road, there is a series of reseals and maintenance interventions that have to take place in order to achieve the 20-year design life of a road, the below chart show the deterioration without any intervention in red, and the impact of routine maintenance on extending the life of the road in black.



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.

The BCMM Roads network falls outside of these limits, and is in need of an investment of R 300 million per annum in roads rehabilitation and resurfacing to improve the overall condition of the network to acceptable levels.

Climate change has accelerated the rate of deterioration with the current rainfall patterns allowing the ingress of water into the road layer works causing the rapid deterioration for the road and occurrence of failures such as potholes.

Urban Roads

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

An annual program of roads rehabilitation and resurfacing is undertaken whereby wards are allocated a budget each financial year for roads rehabilitation and resurfacing. This program is aimed at improving the condition of urban roads in the metro. Due to the advanced age of the roads network and adverse weather conditions, much of the existing roads network has deteriorated beyond where a reseal or resurfacing action will be adequate. The structural layers of the roads have been affected resulting in more significant rehabilitation works having to be undertaken which is far more costly and disruptive.

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.

By using the available funding on rehabilitation of roads that have failed means that those roads that can be saved by resurfacing will now also fail and require rehabilitation as well, which is two to three times more costly than resurfacing.
A portion of the budget should be set aside for rehabilitation, and the remainder should be used for resurfacing.

The table below is the resurfacing roads projects undertaken by the Buffalo City Metropolitan Municipality roads branch in the 2023/2024 financial year.

COASTAL

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
3	Selborne	Beatty Rd	0,4 km	Complete
3	Selborne	Hardy Rd	0,13 km	Complete
3	Selborne	Bright Street	0.12 km	Complete
3	Berea	Glaston Rd	0.11 km	Complete
3	Berea	Tyrell Rd	0.25 km	Complete
1	Braelyn	Shasta St	0,1 km	Complete
28	Beacon Bay	Harold Cres	0,56 km	Complete
28	Beacon Bay	Chiltern Plc	0,29 km	Complete
28	Beacon Bay	Blackburn Rd	0,38 km	Complete
28	Beacon Bay	Blue Water Plc	0,2 km	Complete
18,4,47,3	Southernwood, Baysville, Vincent	NEX	0,3 km	Complete
18	Vincent	Buchholtz St	0,15 km	Complete
29	Gonubie	Oceanway	0,44 km	Complete
47	Quigney	Esplanade	0,33 km	Complete
10,16	Scenery Park	Scenery Park Main Rd	0,1 km	Complete
15	Nompumelelo	Umzimvubu St	0,29 km	Work in progress
15	Nompumelelo	Robert Sobukwe Street	0.59 km	Complete
1	Milner Estate	Falmouth Rd and Grange Rd	0,46 km	Complete
2	Duncan Village	Mahlangeni St	0,52 km	Complete
31	Kidds Beach	Village View St, East St	0,8 km	Complete
50	Sunrise On Sea	Bird Cres / Dolphin Rd	0,52 km	Complete
4	Cambridge	Kipling and Krohn streets	0,5 km	Complete
4	Cambridge	Kitchener street	0,3 km	Complete
5	Scenary Park	Main Road	0.5 km	Complete

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/STATUS
1	Milner Estate	Falmouth Rd and Grange Rd	0,46 km	Complete
2	Duncan Village	Mahlangeni St	0,52 km	Complete
31	Kidds Beach	Village View St, East St	0,8 km	Complete
50	Sunrise On Sea	Bird Cres / Dolphin Rd	0,52 km	Complete
4	Cambridge	Kipling and Krohn streets	0,5 km	Complete
4	Cambridge	Kitchener street	0,3 km	Complete
5	Scenary Park	Main Road	0.5 km	Complete
6	Parkside	Dower Rd and Aloe Rd	1 km	Complete
7	Ducan Village	C section	0,7 km	Complete
8	Ducan Village	Arendse Street and Greenpoint Rd	0,85 km	Complete
9	Amalinda	Circle road	0,65 km	Complete
10	Buffalo Flats	Alphen and Elephant	1 km	Complete
13	Reeston	Dice Road	0.3 km	Complete
16	Amalinda	Winchester Crescent and Windmill	1 km	Complete
19	Greenfields	Belmont Ave and R J Masters	0,5 km	Complete
32	Kaysers Beach	Internal streets	0,6 km	Complete
27	Mzamomhle	Phase 1 internal street	0,3 km	Complete
		TOTAL	18.84km	

MIDLAND

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
45	Berlin	Immigration	0,4km	Complete
20	Mdantsane	Zone 6	0,2km	Complete
12	Mdantsane	Zone 1	0,5km	Complete
		TOTAL	1,1km	

INLAND

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
37	West Bank (KWT)	Leighton Pl,Maluti Rd & Stomberg St	0.9 km	Complete
43	Tyutyu (Bisho)	Njokweni St	0.7km	Complete
45	Ilitha	N/A	0.6 km	Complete
39	Ginsberg	Gana St	0.5km	Work in progress
41	Zwelitsha	N/A	0.7km	Work in progress
		TOTAL	3,4km	

Rural and Informal Roads

The BCMM Roads branch is responsible for the maintenance of all municipal proclaimed gravel roads within the Metro. These are usually the internal gravel roads within the villages. It must be noted that access roads to rural villages fall under the control of the Eastern Cape department of Transport.

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Informal roads are a challenge within the metro as the provision of roads in informal areas is often not possible due to factors such as inadequate space for plant, there is issues of land ownership, and funding, as dedicated funding is required for the provision of services in informal areas. The lack of space for roads often requires the relocation/removal of 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 often located in areas that are a challenge to access or the terrain makes it very costly to provide roads. Other limiting factors to the provision of road access to informal areas is Land ownership and zoning.

The table below is a list of gravel roads projects that have been completed in 2023/2024 financial Year:

COASTAL

Ward	Area	Status	Length
33	Kuni 2	Complete	2km
31	Good Hope	Complete	2 km
32	Dyam Dyam	Complete	1km
32	Mpintsho	Complete	1km
50	Mtyana	Complete	1km
50	Tikinikini	Complete	1km
46	Orange Groove	Complete	2km
TOTAL			10 km

MIDLAND

Ward	Area	Status	Length
17	Cuba	Work in Progress	2km
22	Postdam	Complete	3km
24	Unit P	Complete	3km
26	Msobomvu	Complete	6km
30	Zone 9, Manyano Thembelihle	Complete	3,2km
TOTAL			17.2 km

INLAND

Ward	Area	Status	Length
40	Tshabo 3	Complete	2.5km
38	Liefveldt	Complete	2 km
36	Mzintshane	Complete	2 km
35	Motel	Work in Progress	2.5km
TOTAL			9 km

Road's stakeholders

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

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- 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 roads 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. These projects create employment and uplift communities while also making the area more attractive to investors both foreign and local.

Below is some of the projects implemented within the BCMM region by SANRAL:

N2 Green River to Buffalo River Qonce (King William's Town) R 500 million:
Current Status: Complete

Scope:
-Road widening
-Road improvement
-Construction of a new 200m 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.

N2 Breidbach and Belstone Interchanges R437 Million:
Current Status: Complete

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 eQonce areas such as Ginsburg, KwaRhayi and KwaTshatshu.

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R63-160-2023/1 Phase 2 From N6 Bridge km1.0 to km 21.7
Under Construction

N6 East London – Aliwal North RRM R64,2 million
Routine Road Maintenance
Affected Municipalities: Buffalo City, Amatole District, Chris Hani District, Joe Gqabi District
Currently under construction, estimated completion in October 2024

BCMM has engagements with the Department of Roads & Public Works (DRPW) through the intergovernmental relations forum to address the maintenance and upgrade of provincial roads within the Metro. Many National and Provincial roads have a profound impact on the Metro as the National roads facilitate the transportation of goods, services and people between cities, and to access residential areas within the Metro.

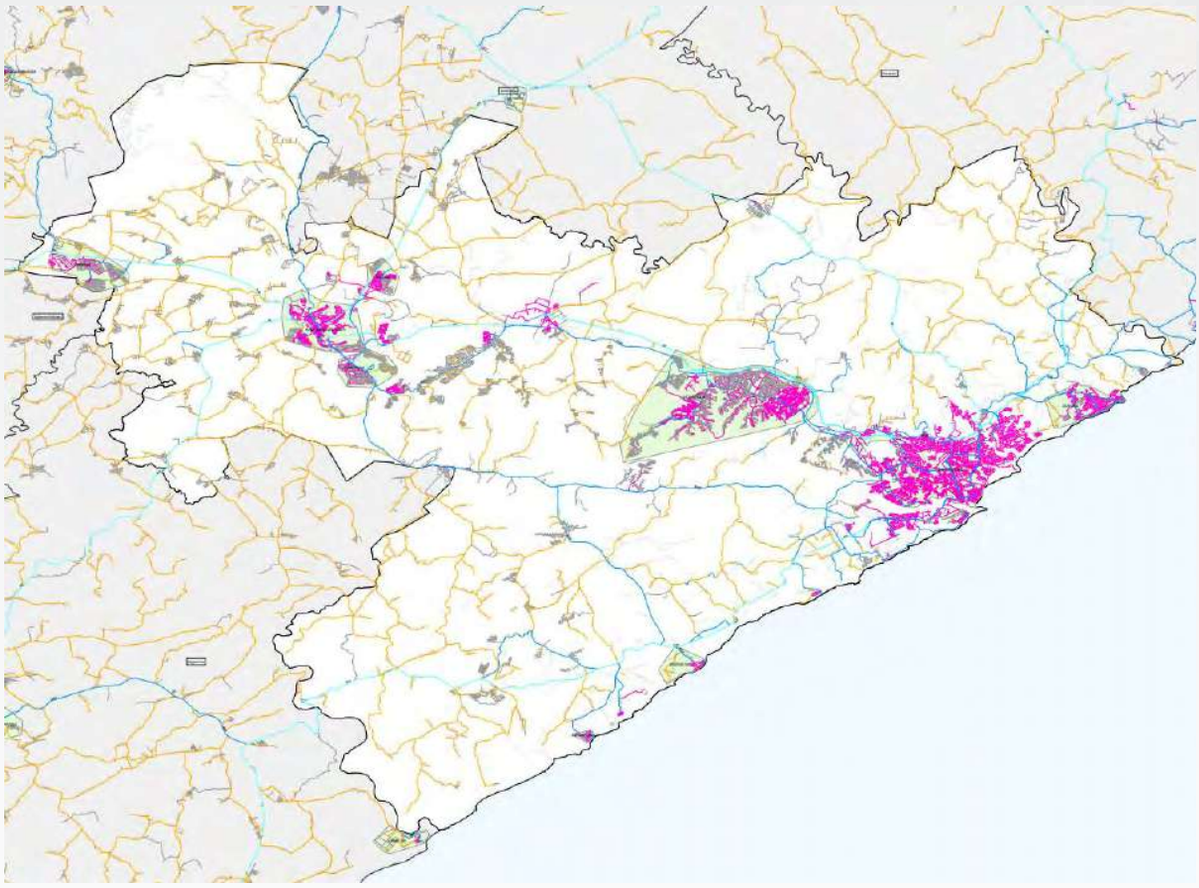
The provincial roads department prioritises road works according to criteria set out by the department which in many cases will not correspond with the priorities of the Metro.

The list below is status of projects implemented by Department of roads and Transport within BCMM in 23/24 financial year:

BUFFALO CITY METRO MUNICIPALITY COMMITMENTS FOR 23/24 BUDGET

NO	DESCRIPTION	ROAD NUMBER	LOCATION	POTHOLE PATCHING (M^2)	WET BLADING (KM)	REGRAVELLING (KM)	BUSH CLEARING & GRASS CUTTING (M^2)	INSTALLATION OF PIPES (CROSSING)	PROJECT AMOUNT
1	Plant hire Contract	DR12804	Mount Coke			5,5		4	R5 902 500,00
2		DR07133	Nonibe			4		4	
		Various	Various		50				
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4	Framework Contract	DR02726	Nxarhuni			3			R1 012 505,22
		DR02727	Nxarhuni				26		R954 071,22
5		MR00500	Kayzer's Beach	1500					R5 693 789,00
6		R102	Voortrekker Road	422,57					
7		DR02726	Nxarhuni	559,44					
8		MR00520	Buffalo Pass - Zwelitsha	1650					
				4132,01	**50**	**16,5**	26	**8**	**R15 562 865,44**

Below is a map depicting the roads that fall under the different road authorities within BCMM 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

Urban Roads

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

An annual program of roads rehabilitation and resurfacing is undertaken whereby wards are allocated a budget each financial year for roads rehabilitation and resurfacing. This program is aimed at improving the condition of urban roads in the metro. Due to the advanced age of the roads network and adverse weather conditions, much of the existing road's network has deteriorated beyond where a reseal or resurfacing action will be adequate. The structural layers of the roads have been affected resulting in more significant rehabilitation works having to be undertaken which is far more costly and disruptive.

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.

By using the available funding on rehabilitation of roads that have failed means that those roads that can be saved by resurfacing will now also fail and require rehabilitation as well, which is two to three times more costly than resurfacing.

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

The table below is the resurfacing roads projects undertaken by the Buffalo City Metropolitan Municipality roads branch in the 2023/2024 financial year.

COASTAL

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/STATUS
3	Selborne	Beatty Rd	0,4 km	Complete
3	Selborne	Hardy Rd	0,13 km	Complete
3	Selborne	Bright Street	0.12 km	Complete
3	Berea	Glaston Rd	0.11 km	Complete
3	Berea	Tyrell Rd	0.25 km	Complete
1	Braelyn	Shasta St	0,1 km	Complete
28	Beacon Bay	Harold Cres	0,56 km	Complete
28	Beacon Bay	Chiltern Plc	0,29 km	Complete
28	Beacon Bay	Blackburn Rd	0,38 km	Complete
28	Beacon Bay	Blue Water Plc	0,2 km	Complete
18,4,47,3	Southernwood, Baysville, Vincent	NEX	0,3 km	Complete
18	Vincent	Buchholtz St	0,15 km	Complete
29	Gonubie	Oceanway	0,44 km	Complete
47	Quigney	Esplanade	0,33 km	Complete
10,16	Scenery Park	Scenery Park Main Rd	0,1 km	Complete
15	Nompumelelo	Umzimvubu St	0,29 km	Work in progress
15	Nompumelelo	Robert Sobukwe Street	0.59 km	Complete
1	Milner Estate	Falmouth Rd and Grange Rd	0,46 km	Complete
2	Duncan Village	Mahlangeni St	0,52 km	Complete
31	Kidds Beach	Village View St, East St	0,8 km	Complete
50	Sunrise On Sea	Bird Cres / Dolphin Rd	0,52 km	Complete
4	Cambridge	Kipling and Krohn streets	0,5 km	Complete
4	Cambridge	Kitchener street	0,3 km	Complete
5	Scenary Park	Main Road	0.5 km	Complete

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1	Milner Estate	Falmouth Rd and Grange Rd	0,46 km	Complete
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4	Cambridge	Kipling and Krohn streets	0,5 km	Complete
4	Cambridge	Kitchener street	0,3 km	Complete
5	Scenary Park	Main Road	0.5 km	Complete
6	Parkside	Dower Rd and Aloe Rd	1 km	Complete
7	Ducan Village	C section	0,7 km	Complete
8	Ducan Village	Arendse Street and Greenpoint Rd	0,85 km	Complete
9	Amalinda	Circle road	0,65 km	Complete
10	Buffalo Flats	Alphen and Elephant	1 km	Complete
13	Reeston	Dice Road	0.3 km	Complete
16	Amalinda	Winchester Crescent and Windmill	1 km	Complete
19	Greenfields	Belmont Ave and R J Masters	0,5 km	Complete
32	Kaysers Beach	Internal streets	0,6 km	Complete
27	Mzamomhle	Phase 1 internal street	0,3 km	Complete
		TOTAL	18.84km	

MIDLAND

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
45	Berlin	Immigration	0,4km	Complete
20	Mdantsane	Zone 6	0,2km	Complete
12	Mdantsane	Zone 1	0,5km	Complete
		TOTAL	1,1km	

INLAND

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
37	West Bank (KWT)	Leighton Pl,Maluti Rd & Stomberg St	0.9 km	Complete
43	Tyutyu (Bisho)	Njokweni St	0.7km	Complete
45	Ilitha	N/A	0.6 km	Complete
39	Ginsberg	Gana St	0.5km	Work in progress
41	Zwelitsha	N/A	0.7km	Work in progress
		TOTAL	3,4km	

Rural and Informal Roads

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MIDLAND

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INLAND

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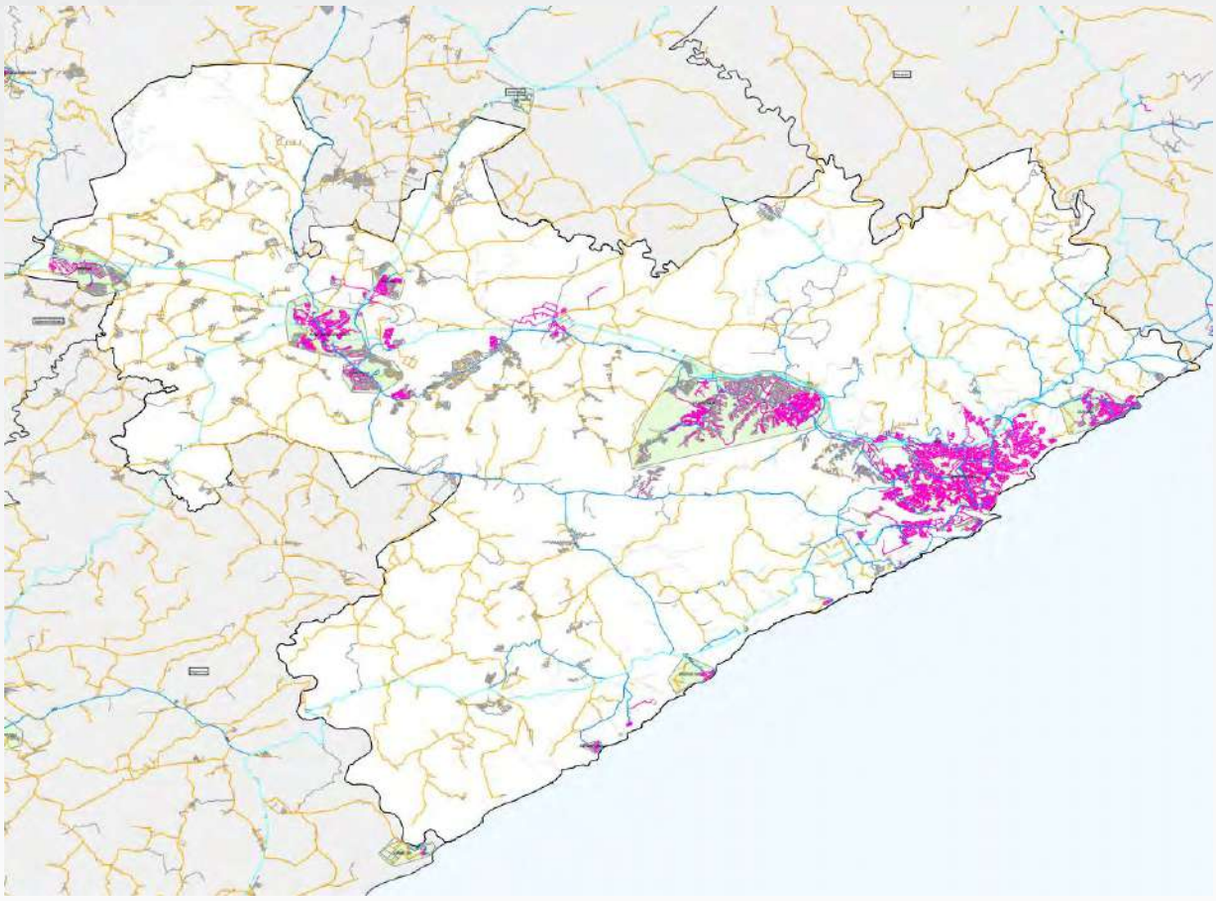
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T3.7.1.

Gravel roads infrastructure

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T3.7.2

Other Roads Stakeholders

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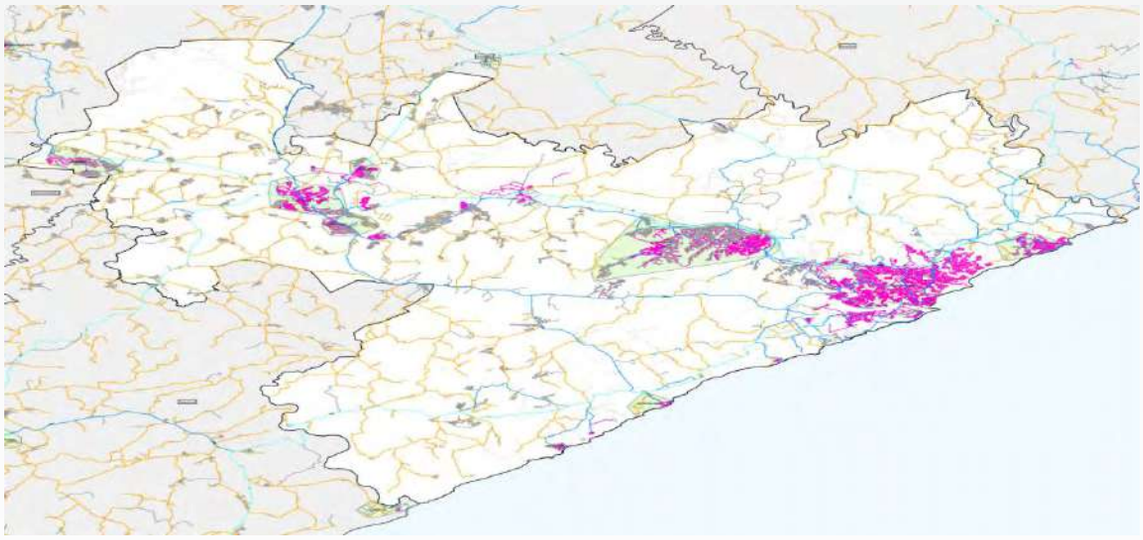
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3	Selborne	Bright Street	0.115 km	Complete
3	Berea	Glaston Rd	0.109 km	Complete
3	Berea	Tyrell Rd	0.250 km	Complete
1	Braelyn	Shasta St	0,099 km	Complete
28	Beacon Bay	Harold Cres	0,563 km	Complete
28	Beacon Bay	Chiltern Plc	0,291 km	Complete
28	Beacon Bay	Blackburn Rd	0,379 km	Complete
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4	Cambridge	Kitchener street	0,3km	Complete
5	Scenary Park	Main Road	0.5km	Complete

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/STATUS
1	Milner Estate	Falmouth Rd and Grange Rd	0,459km	Complete
2	Duncan Village	Mahlangeni St	0,517km	Complete
31	Kidds Beach	Village View St, East St	0,8km	Complete
50	Sunrise On Sea	Bird Cres / Dolphin Rd	0,520km	Complete
4	Cambridge	Kipling and Krohn streets	0,5km	Complete
4	Cambridge	Kitchener street	0,3km	Complete
5	Scenary Park	Main Road	0.5km	Complete
6	Parkside	Dower Rd and Aloe Rd	1km	Complete
7	Ducan Village	C section	0,7km	Complete
8	Ducan Village	Arendse Street and Greenpoint Rd	0,850km	Complete
9	Amalinda	Circle road	0,650km	Complete
10	Buffalo Flats	Alphen and Elephant	1km	Complete
13	Reeston	Dice Road	0.3km	Complete
16	Amalinda	Winchester Crescent and Windmill	1km	Complete
19	Greenfields	Belmont Ave and R J Masters	0,5km	Complete
32	Kaysers Beach	Internal streets	0,6km	Complete
27	Mzamomhle	Phase 1 internal street	0,3km	Complete
		TOTAL	15km	

MIDLAND

WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
45	Berlin	Immigration	0,4km	Complete
20	Mdantsane	Zone 6	0,2km	Complete
12	Mdantsane	Zone 1	0,5km	Complete
		TOTAL	1,1km	

INLAND

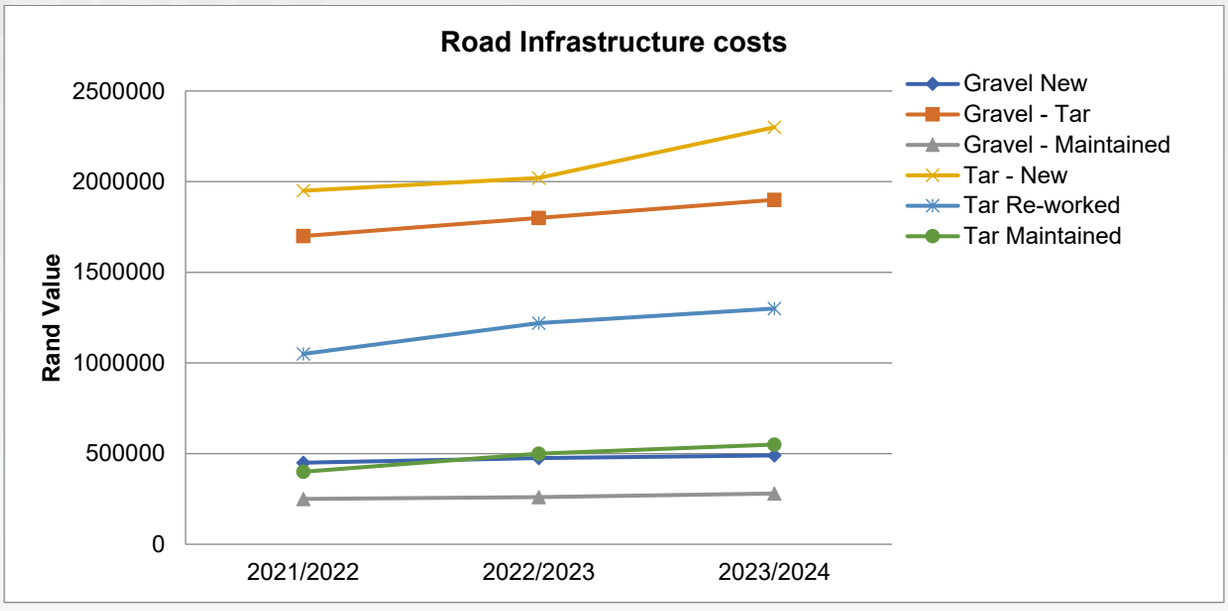
WARD	AREA	STREET	ESTIMATED LENGTH	COMMENTS/ STATUS
37	West Bank (KWT)	Leighton Pl,Maluti Rd & Stomberg St	0.9 km	Complete
43	Tyutyu (Bisho)	Njokweni St	0.7km	Complete
45	Ilitha	N/A	0.6 km	Complete
39	Ginsberg	Gana St	0.5km	Work in progress
41	Zwelitsha	N/A	0.7km	Work in progress
		TOTAL	3,4km	

T3.7.3

Cost of construction/maintenance

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2021/2022	3250	7900	1650	8700	6700	3650
2022/2023	3412	8295	1732	9135	7035	3832
2023/2024	3583	8710	1819	9592	7387	4024
						T 3.7.4

Road Infrastructure.



T 3.7.5

Roads Service policy objectives taken from the IDP.

Road Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2026/2027	
		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									
TR6.11	Percentage of unsurfaced road graded	4.48% (60km)	5,104% (69km)	4.48% (60km)	4.48% (60km)	4,64% (62,7km)	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)	1.325% (21,2km)	0,94% (15km)	0.5% (8km)	0,516% (8,252km)	0,5% (8km)	0,5% (8km)	0,5% (8km)
TR6.13	Km of new Municipal Road lanes built	15km	19,138km	15km	7km	11,616km			
TR6.1/CC6	Km of gravel Roads upgraded to Surfaced Standard	6km	5,938km	6km	8km	11,078km	8km	8km	8km
TR6,21	Percentage of reported pothole complaints resolved within standard municipal response time	60%	60%	60%	60%	63%	60%	60%	60%
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 incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.7.6

Employees at Roads Service

Employees: Road Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	153	162	140	22	14%
4 - 6	48	50	49	1	2%
7 - 9	38	41	37	4	10%
10 - 12	29	27	27	0	0%
13 - 15	8	7	7	0	0%
16 - 18	3	4	4	0	0%
19 - 20	1	1	1	0	0%
Total	280	292	265	27	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. T3.7.7

Financial Performance for Financial Year 2023/2024: Roads Services.

Financial Performance Year 2023/2024: Transport Services					
R'000					
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	336	394	394	591	33%
Expenditure:					
Employees	22,045	30,458	28,778	22,815	-33%
Repairs and Maintenance	4,073	5,690	6,661	5,955	4%
Other	101,272	54,218	54,914	98,017	45%
Total Operational Expenditure	127,390	90,366	90,354	126,787	29%
Net Operational Expenditure	127,053	89,973	89,961	126,195	29%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

Capital expenditure for Financial Year 2023/2024: Roads Services.

Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	103,117	85,485	84,389	-22%	
BRIDGE DESIGNS & IMPLEMENTATION (Midlands)	11,034	–	–	0%	–
GUARDRAILS (Midland)	–	274	274	100%	438
GUARDRAILS (Inland)	–	68	68	100%	137
SLEEPER SITE ROAD	15,000	35,950	34,854	57%	80,750
SLEEPER SITE ROAD	9,000	9,000	9,000	0%	54,896
SIDEWALKS (Midland)	–	695	695	100%	4,304
TRAFFIC CALMING (Coastal)	–	413	413	100%	2,995
TRAFFIC CALMING (Midland)	–	825	825	100%	3,407
TRAFFIC CALMING (Inland)	–	413	413	100%	2,995
TRAFFIC SIGNALS	–	2,996	2,996	100%	5,991
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	58,082	22,966	22,966	-153%	49,710
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	5,000	–	–	0%	26,924
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)	3,000	11,563	11,563	74%	38,487
MDANTSANE ACCESS ROAD (Midlands)	–	321	321	100%	642
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	2,000	–	–	0%	–
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T3.7.9

Overall comment on Roads Services.

The Roads Branch achieved all 4 of the service delivery targets for the 2023/2024 financial year as per the Service Delivery Budget Implementation Plan (SDBIP) targets.

100% of the R 152 million capital budget was spent, and 100% of the allocated R 98 million operating budget was spent.

One of our on-going efforts to enhance our infrastructure, Roads Branch has successfully implemented two multi-year projects. These initiatives are aimed at improving the transportation network and smooth travelling by our communities. The projects currently being implemented, namely the Rehabilitation und upgrade of Settlers Way and Military Road, and 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, and the anticipated completion date is 31 October 2023.

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

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



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

MDANTSANE ROADS UPGRADE PHASE 4B: 246 MILLION

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

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

Cluster 2

Commencement date	03 January 2023
Anticipated Completion date	24 October 2024
Progress to date	82%
Scope of Works	• Construction of approximately 10km of surfaced streets to a width of 5.5m, with associated pavement layers (35 roads). • Construction of a stormwater drainage system consisting of approximately 8,250 meters of concrete pipes up to 600mm diameter. • Construction of appurtenant works such as service ducts, kerbing, road signs and road marking. • Location and protection of existing services and relocation where necessary. • Installation of approximately 10km of subsoil drains. • Management and mentoring of SMME sub-contractors



Cluster 3

Commencement date	14 July 2022
Completion date	14 October 2024
Progress to date	99%
Scope of Works	• Construction of approximately 15km of surfaced streets to a width of 5.5m, with associated pavement layers (35 roads). • Construction of a stormwater drainage system consisting of approximately 11 350 meters of concrete pipes up to 900mm diameter. • Construction of appurtenant works such as service ducts, kerbing, road signs and road marking. • Location and protection of existing services and relocation where necessary. • Installation of approximately 15km of subsoil drains. • Management and mentoring of SMME sub-contractors



The Mdantsane roads program has been prioritized due to the historical neglect of the area. Mdantsane is a Suburb of the City and is an urban area which is supposed to have the same level of service as that of other similar urban areas of the city. The upgrade of the existing Gravel roads to surfaced standards was therefore prioritised in order to increase mobility and access to opportunities as well as improve the standards of living in Mdantsane and make it a more attractive area to live.
T3.7.10

3.8. TRANSPORT

Introduction to transport.

Priorities

The Development of the Sleeper Site Phase 2 project has been prioritised for planning and implementation. The Project Entails the 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 was completed in December 2023.

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-founding that was required by from the municipality, revenue anticipated from commuters and the capital funding from the National Department of Transport 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 November 2024.

Bus services

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

TRANSPORT (INCLUDING VEHICLE LICENCING & PUBLIC BUS OPERATION)

3.8. 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 subsidies 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 & causalities 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 weather 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 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 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) Upgrading of eight Intersections with Installation of cameras at traffic signals at intersections to improve traffic flow and reduce accidents. It also provides safety from vandalism we have been experiencing by having 24 hr monitoring of vandalism of the city signals.

MAJOR SUCCESSES

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

- Completion of the Sleeper Site Road Phase 2
- Upgrading of eight Intersections with CCTV

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 many 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 are furthermore long-distance buses providing inter-town services.
THE PRASA RAIL SERVICE

The Metro Rail service carries many commuters that stay along the rail corridor. PRASA are currently upgrade the stations that are operating to make them user friendly and be of good standard. PRASA is currently operating a limited services between on the 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

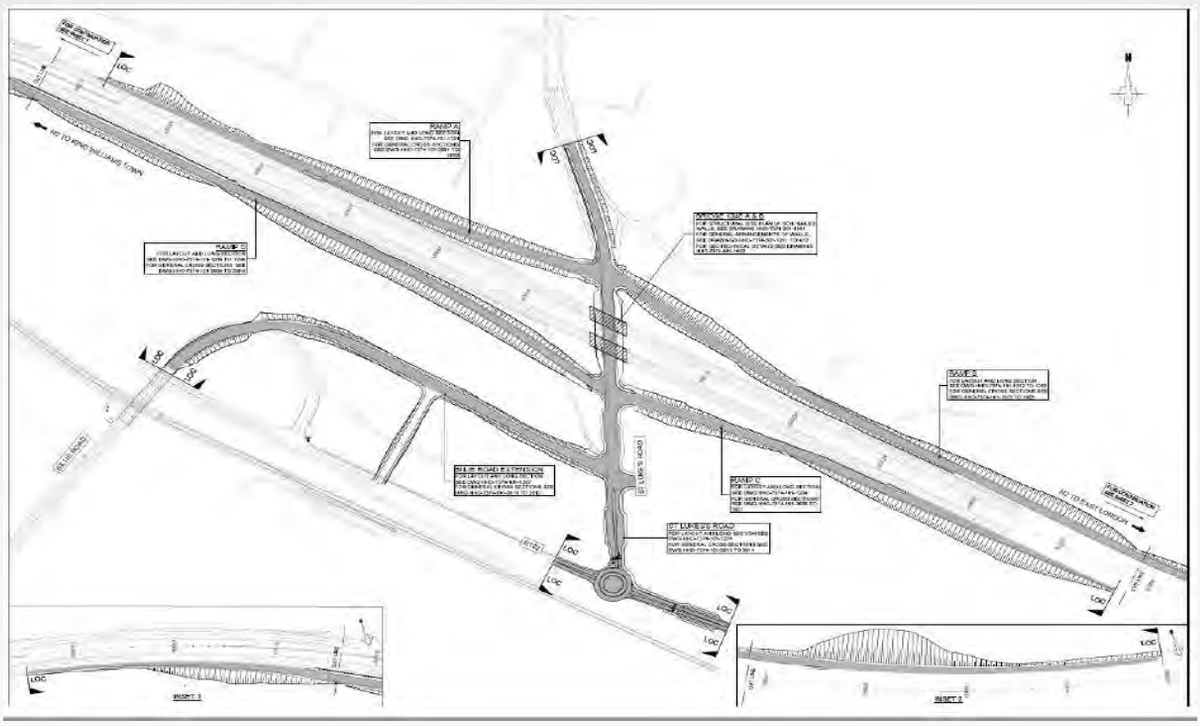
BCMM currently operates a fleet of only 5 municipal buses. The fleet was reduced from thirty-three buses when Council decided that all buses over fifteen years old should be removed from the service. The buses are predominately used by scholars. The demand has reduced due to the costs of the fares being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

Municipal Bus Service Data					
	Details	2022/2023	2023/2024		2024/2025
		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	2
6	Proportion of the fleet off road at any one time	0%	20%	20%	40%
7	No. of Bus journeys scheduled	8	6	6	6
8	No. of journeys cancelled	0	0	0	0
9	Proportion of journeys cancelled	0%	0%	0%	0%
T 3.8.2					

Concerning Line 6 is calculated by taking the numbers from lines, as follows: 5/4 x 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 x 100%.

T3.8.2.1

Transport Services policy objectives taken from the IDP

Transport Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	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)
Service Objective xxx									
Extensive investment and development of infrastructure networks	Number of public transport facilities rehabilitated	1	1	1	1	1	1	1	0
									T 3.8.3

Employees at Transport Service

Employees: Transport Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	8	6	2	25%
4 - 6	4	5	4	1	20%
7 - 9	12	12	11	1	8%
10 - 12	8	9	6	3	33%
13 - 15	2	3	3	0	0%
16 - 18	3	4	3	1	25%
19 - 20	1	1	1	0	0%
Total	36	42	34	8	19%

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. T3.8.4

Financial Performance for FINANCIAL YEAR 2023/2024: Transport Service.

Financial Performance Year 2023/2024: Transport Services					
R'000					
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	336	394	394	591	33%
Expenditure:					
Employees	22,045	30,458	28,778	22,815	-33%
Repairs and Maintenance	4,073	5,690	6,661	5,955	4%
Other	101,272	54,218	54,914	98,017	45%
Total Operational Expenditure	127,390	90,366	90,354	126,787	29%
Net Operational Expenditure	127,053	89,973	89,961	126,195	29%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.8.5

Capital Expenditure for Financial Year 2023/2024: Transport Service.

Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	103,117	85,485	84,389	-22%	
BRIDGE DESIGNS & IMPLEMENTATION (Midlands)	11,034	–	–	0%	–
GUARDRAILS (Midland)	–	274	274	100%	438
GUARDRAILS (Inland)	–	68	68	100%	137
SLEEPER SITE ROAD	15,000	35,950	34,854	57%	80,750
SLEEPER SITE ROAD	9,000	9,000	9,000	0%	54,896
SIDEWALKS (Midland)	–	695	695	100%	4,304
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TRAFFIC CALMING (Midland)	–	825	825	100%	3,407
TRAFFIC CALMING (Inland)	–	413	413	100%	2,995
TRAFFIC SIGNALS	–	2,996	2,996	100%	5,991
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	58,082	22,966	22,966	-153%	49,710
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TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)	3,000	11,563	11,563	74%	38,487
MDANTSANE ACCESS ROAD (Midlands)	–	321	321	100%	642
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	2,000	–	–	0%	–
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.8.6

Overall comment on Transport Service.

Completion of the Sleeper Site Phase 2 project will provide safe access to the King Phalo Airport and the Westbank Industrial Area.

Construction of the Ebuhlanti Taxi Rank will provide much needed shelter for the Hawkers, Taxi Associations and users of the facility especially during rainy days as the rank will have shelters to cover them.

Upgrading of eight Intersections with Installation of cameras at traffic signals at intersections to improve traffic flow and reduce accidents. It also provides safety from vandalism we have been experiencing by having 24 hr. monitoring.

The city has several projects that are planned to be implemented over the next five-year period namely:

a) Designs for the Upgrading of Qumza Highway Phase 3 from R102 – Golden Highway Intersection
b) Programme on the Construction of Speed Humps (50) Annually
c) Upgrading of Taxi Rank (Nompumelelo)
d) Construction of Sleeper Site Road – Phase 3

T3.8.7

3.9. WASTEWATER

Introduction to stormwater drainage

Changing climatic conditions has made weather patterns less predictable, and Buffalo City has experienced this first hand in recent years with a crippling drought in the Eastern Cape followed recent heavy rainfall events. With the most recent heavy rainfall event being in June 2024 causing extensive infrastructure damage and accelerating the deterioration of already aging infrastructure. These Flooding events have highlighted the importance of an efficient well maintained stormwater drainage system.

The continuous maintenance, review and upgrading of the existing stormwater drainage infrastructure is essential in order to minimise the risk of flooding, even during times of drought. The damage caused by these flooding events resulting in large scale damage to existing infrastructure, loss of essential services such as power, water and sanitation, and even the loss of life.

Stormwater is often the forgotten service until there is a flooding event, at which time it is too late. Serious consideration and attention must be given to the rehabilitation and upgrading of the existing stormwater infrastructure as the impact and severity of these flooding events will only intensify over time.

The stormwater unit falls under the Roads and Stormwater Branch, and is mandated to carry out all repairs, maintenance and upgrade of all the BCMM owned road stormwater drainage, bridges, culverts and concrete lined drains that fall under the control of the Municipality. The existing infrastructure consists of ±70 Bridge Structures, ±21 000 manholes, kerb inlets, headwalls and other inlet and outlet structures within BCMM many of which are damaged or blocked. There is more than 629 km of storm water pipes and culverts within the Metro, many of which are very old, and corroded and in need of replacement. Additional capital funding is required to address rehabilitation and upgrade of the existing infrastructure.

Stormwater infrastructure

Flood Mitigation

The current focus for city planning and development is towards the densification of city's reducing urban sprawl. Although this is more desirable from a city planning and service provision perspective, due to the reduced cost of expanding infrastructure. The negative impact however is that the existing services were designed and constructed for a much lower density of development, and much of the services are at an advanced age and are no longer operating optimally. This means that the services have to be replaced or upgraded to cope with increased demand.

Greater density also means fewer green spaces and soft landscaping which aids in slowing the rate of runoff. More hard areas mean more water runs off. The existing stormwater infrastructure was not designed for this increased volume of water. Resulting in overflows and flooding.

It is often asked, why don't you just put bigger pipes in? Increasing the size or capacity of existing stormwater drainage systems is in most cases not the answer, as there is other considerations that cannot be ignored such as access, as roads will be closed for extended periods while large pipes are installed. the high costs associated with this work as roads and services such as water, sanitation, electricity and telekoms will have to be relocated/replaced during construction. The cost and disruption to the city would be far too great to justify. Alternative solutions are available such as on-site stormwater attenuation through stormwater management systems which is currently in place. Other options include implementing regional attenuation, rainwater harvesting, and carrying out localised upgrades to existing infrastructure to improve capacity are available.

Informal areas are particularly vulnerable due to the fact all available space is utilised to construct shelters, and in most cases, this includes water courses and low-lying areas which are a very high risk. During heavy rainfall these areas inevitably flood posing a danger to the occupants and often leaving the residents homeless. There can often be flash flooding with sudden and dangerous consequences. These areas are generally prioritised for relocation; however, these areas are often reoccupied after they have been cleared.

- Renewals of existing infrastructure:

An ongoing program of rehabilitation and reconstruction of existing infrastructure is being carried out in various areas of the city focusing on the clearing of existing stormwater systems, replacing of damaged manholes and kerb inlets with the BCMM standard kerb inlets these are also being fitted with gratings to reduce the ingress of solid waste into the stormwater system. Solid waste is one of the major causes of blockages in the stormwater system, with many areas requiring constant clearing due to the large volume of solid waste that is finding its way into the stormwater system. The instillation of gratings assists in reducing blockages of the pipes; however, it does require regular clearing of waste and debris to ensure that the opening is clear.



Kerb Inlets



Waste found in stormwater drainage infrastructure

- Rehabilitation and maintenance of bridges and culverts:

Bridge and major culvert renewals are an ongoing program whereby existing bridges and major culverts are being rehabilitated. This program is bearing fruit as there has been some notable improvements in the condition of structures around the Metro. These rehabilitation and maintenance works improves the condition of these structures and prolongs the service life. Typical rehabilitation works include steel corrosion mitigation, concrete repairs, expansion joint replacement, clearing of the watercourse, parapet handrails, drainage scuppers and resurfacing.

There are however many more structures still requiring attention.

- Rural road stormwater drainage:

The roads and stormwater branch provides side drains along rural roads which are cut by grader when carrying out regravelling and maintenance on rural roads. A major challenge is that due to the undulating terrain, the drains are often blocked with silt, and the culvert crossings in the valleys are often blocked due to erosion.

An annual capital budget allocation of R 30 million is required to carry out the required renewals and upgrades of existing stormwater drainage infrastructure. This will enable the city to become more resilient when dealing with adverse weather conditions that have become less predictable due to climate change.

T3.9.1

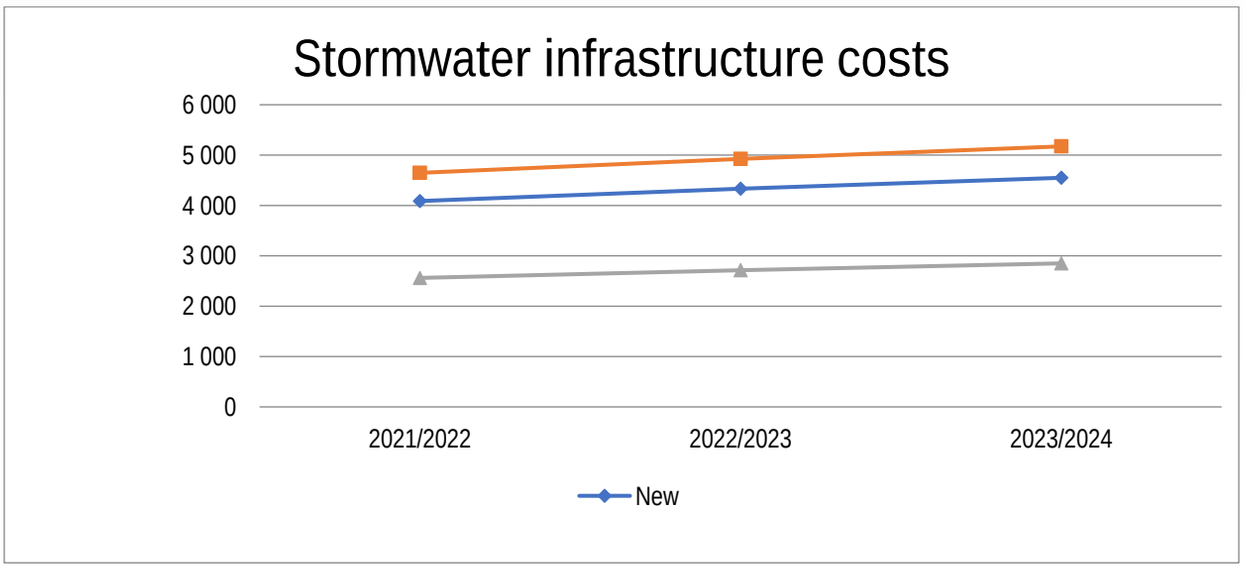
Stormwater Infrastructure (Table)

Stormwater Infrastructure				
Kilometers				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2021/2022	145	15	10	100
2022/2023	160	20	12	120
2023/2024	166	25	14	140
				T 3.9.2

T3.9.2

Cost of construction/maintenance

Cost of Construction/Maintenance			
R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2021/2022	4,088	4,648	2,562
2022/2023	4,333	4,927	2,715
2023/2024	4,550	5,173	2,851
			T 3.9.3



T 3.9.4

Stormwater policy objectives taken from the IDP

Stormwater Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
CC19 Number of Bridges rehabilitated		3	3	3	1	1	1	1	2
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.9.5

Employees at Stormwater Service

Employees: Stormwater Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
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. (this has been included with Roads T 3.9.6					

Financial Performance Year 2023/2024: Stormwater Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.9.7

Capital expenditure for FINANCIAL YEAR 2023/2024: Stormwater Service.

Capital Expenditure 2023/2024: Stormwater Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5,000,000	4,630,744	4,630,744	-8%	
REHABILIT OF BCMM BRIDGES AND STORWATER	5,000,000	4,630,744	4,630,744	-8%	79,673,252
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.9.8

Overall comment on Stormwater Drainage Service.

The stormwater branch had an allocated Capital budget of R 5 000 000 for the 2023/2024 financial year of which 100% of the budget was utilised on bridges and stormwater rehabilitation projects. An operating budget of R 9 000 000 million for maintenance of existing stormwater was spent over the 2023/2024 financial year on clearing and jetting of existing stormwater drainage, and repairs.

The stormwater unit has completed the rehabilitation and refurbishing of 1 bridge in the 2023/2024 financial year namely the road over rail Bridge on Settlers Way replacing the Bridge Joints.

Stormwater infrastructure upgrades are also carried out as part of Roads rehabilitation and upgrade projects. Projects such as the Mdantsane roads Upgrade Clusters, Settlers Way and Military Road Upgrades. These include the rehabilitation and upgrade of stormwater drainage by increasing capacity and renewal of old infrastructure.

There is a significant backlog in the maintenance and upgrade of the existing stormwater drainage systems in the city. An additional amount of R 30 Million per annum is required to reduce the backlog in stormwater upgrades and maintenance. There is an urgent need to make additional funding available to replace/rehabilitate and upgrade the stormwater network, as it is in a poor condition, and unable to cope with modern requirements.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT.

This component includes planning, and local economic development.

Introduction to planning and development

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

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

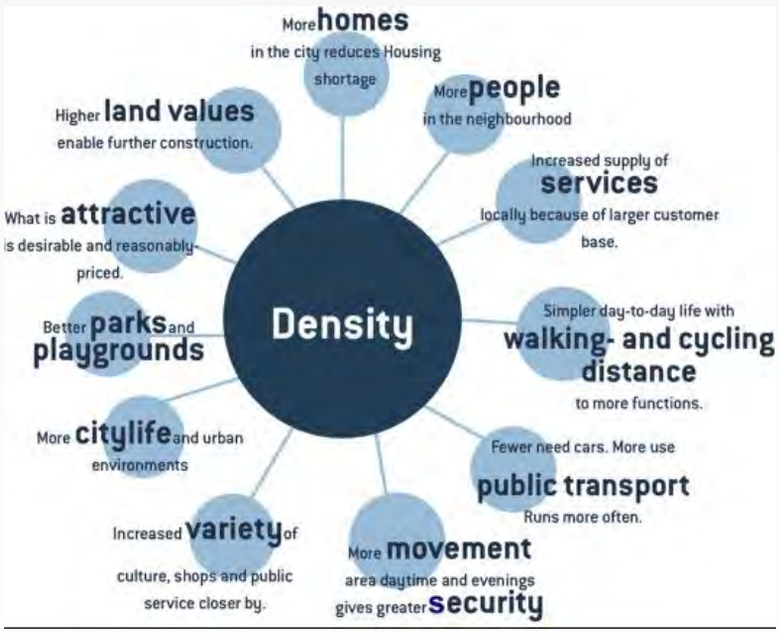


Figure: Key Elements in the Concept of a Compact City

Firmly rooted in the NDP, the IUDF reinforces that South Africa needs to redress apartheid partial legacy and create more compact and connected cities and towns. The ultimate outcome of the IUDF is spatial transformation which marks a New Deal for South African cities and towns, by steering urban growth towards a ***sustainable growth model of compact, connected and coordinated cities and towns***.
The IUDF notes that urban growth boundaries proposed in municipal Spatial Development Frameworks (SDFs) must be maintained, to avoid urban sprawl as well as to protect environmentally sensitive land and prime agricultural land for food security. The IUDF notes that compact urban growth is not simply about urban containment (i.e. prohibiting growth outside a certain boundary) or high densities, but rather about managing urban expansion in ways that avoid inefficient spatial development. Therefore, high-density mixed-use Transport Orientated Development (TOD), with high levels of accessibility to local employment and services which reduces transportation costs, is promoted.

National Development Plan (NDP)

There are five overarching principles for Spatial Transformation set out in Chapter 8 of the National Development Plan. These have been incorporated into Spatial Planning and Land Use Management Act (SPLUMA) and will be discussed below.
Spatial Planning and Land Use Management, Act 16 of 2013

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

- **Spatial Justice** - Inclusion and integration of disadvantaged areas
- **Spatial Sustainability** - Promote land development in locations that are sustainable limit urban sprawl, create communities that are viable, consider all current and future costs for all parties with respect to the provision of infrastructure and social services for land developments.
- **Efficiency** - optimizing existing resources and infrastructure. Efficient commuting patterns
- **Spatial Resilience** - flexibility of spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks
- **Good Administration** - execution of good governance principles in measuring how public affairs are conducted and managing public resources in the process of decision making and the implementation and non-implementation thereof of those decisions.

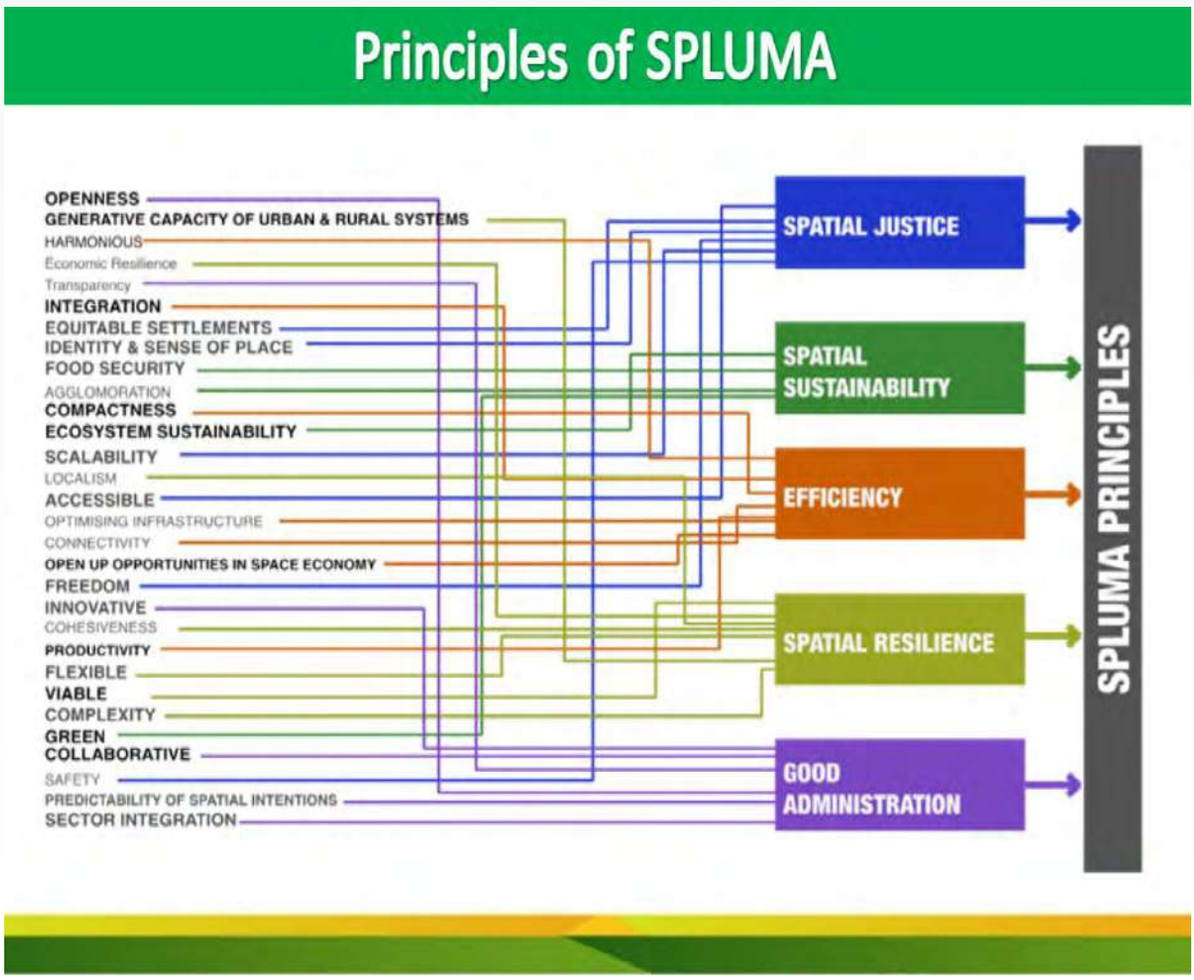


Figure: The SPLUMA Development Principles (DRDLR, 2015)

The BCMM SPLUMA By-Law has been approved by Council and has been Gazetted.
Council also approved the Category 1 and 2 applications and have appointed the Authorized Official, being the HOD: Spatial Planning and Development. Category applications 1 will have to be approved by Municipal Planning Tribunal (MPT) and Category 2 applications can be approved under delegated authority by the Authorized Official.

SPLUMA has been fully implemented since April 2019 and the Municipal Planning Tribunal (MPT) has monthly meetings to consider land use applications.

In terms of the Buffalo City Metropolitan Municipal Planning Tribunal (MPT) the first five-year term for the members serving on the MPT came to an end. Council approved the appointment of the new members for a period of five years. The names to serve on the MPT were gazetted in the Provincial Gazette on the 15 May 2023.

All Land Use Applications are being processed in terms of the approved and gazetted BCMM SPLUM By-Law. This By-Law makes provision for applications for development on, or changes to land use, of communal land located in the areas of traditional councils, where such developments or change in land use will have a high impact on the rural community. In the 2023/2024 Financial Year the MPT considered 44 reports, 38 were approved, 4 not approved and 2 deferred.

A total number of 781 Land Use Applications were approved by the HOD: Spatial Planning and Development under delegated authority during the 2023/2024 financial year.

SPLUMA is assisting the city in that land use applications are being approved on a regular basis, which means new development can commence and building plans can be approved once the zoning is correct. Through rezoning's and subdivisions, the development of eg. new business and residential erven etc can materialize through the economy of the city can grow and which adds to adds to additional income to the rates base of the city.

KEY SPATIAL DEVELOPMENT CHALLENGES
The key spatial development legacy, current issues and challenges that require ongoing responses are as follows:

- **Spatial Fragmentation**, which refers to the fact that both urban and rural areas in Buffalo City Metropolitan have developed in spatially fragmented ways in response to a variety of factors.
- **Uncoordinated Spatial Development**, which refers to the fact that, previously in the area of jurisdiction of the Buffalo City Metropolitan Municipality, multiple governing bodies exercised executive authority over development matters, including spatial development and infrastructural development. One of the consequences of this administrative fragmentation has been a history of uncoordinated development, with investment in infrastructure or facilities often running counter to (or at least not in support of) socio-economic and spatial development requirements. This lack of coordination often resulted in environmental degradation and the fruitless expenditure of limited resources.
- **Low Density settlements and Urban Sprawl**, which refers to the characteristic pattern of settlement and built form in Buffalo City Metropolitan, which, as well as being fragmented, is largely expansive (i.e. of low density) in nature and is largely being perpetuated at present through ongoing development of public-funded housing in peripheral locations.
- **Unmanaged Urbanisation**, which refers to the current problems being experienced with informal settlement formation. This phenomenon is most evident in the urban areas of Buffalo City Metropolitan but is also a feature of the settlement dynamics and hunger for land (particularly for settlement purposes) in the peri-urban and rural areas. While recent data suggest that the population growth trends in BCMM are low, the current trend of people to move in search of economic opportunities and improved access to services continues to impact on the settlement landscape of BCMM and, with the growing appreciation of the need to promote spatial

transformation to ensure future sustainability of the human settlement pattern in BCMM, this requires a sustained strategic response.

- **Urban Inefficiencies**, which refers to the fact that the costs of maintaining infrastructure and services and facilities within and across the extensive and fragmented settlement pattern of BCMM is a growing challenge to BCMM's limited resources. This factor also cautions against pursuing opportunistic land development projects in inappropriate localities that are likely to be a future burden and pose risks to BCMM's financial sustainability (i.e. the imperative is to avoid the phenomenon known as "Building into Bankruptcy").
- **Depletion of Natural Resources and Valuable Agricultural Land**, which refers to the pressure being placed on scarce resources in certain areas of Buffalo City Metropolitan, as well as the competition for land between settlement and agriculture.

T3.10.

3.10. PLANNING

Introduction to planning

The Buffalo City Metropolitan Municipality (BCMM) has approved the Buffalo City Metropolitan Municipality Spatial Development Framework (SDF) Review in December 2020

One of the key functions of the MSDFs 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 key objective of the BCMM Spatial Development Framework is to achieve Spatial Transformation in response to the above spatial development challenges.

What is Spatial Transformation?
The National Spatial Transformation Agenda is the process of dismantling the spatial planning legacy of Apartheid. It is a key objective of Government to restructure the Apartheid city and to redress the impact that Apartheid planning had on communities. Key to achieving this is having a Spatial Transformation Strategy at local level.

The Spatial Transformation process uses a focused **spatial targeting** approach which is the core of the spatial strategy and policy contained in the **Municipal Spatial Development Framework (MSDF)** document.

The Spatial targeting approach - which identifies spatially defined areas that could create the maximum impact to effectively restructure the city – in BCMM several Catalytic Programmes based around key Development Nodes and Development Corridors were identified to focus the **spatial restructuring/spatial transformation** process.

Spatial Transformation priorities identified to redress the negative impacts of Apartheid City planning include**:**

- **Consolidation and integration of spatial development** in **the rural and urban centres** by developing land for sustainable human settlements efficiently in proximity to existing infrastructure.
- Upgrade and redevelop of all townships into proper integrated human settlements with functioning local economies.
- Fast-tracking informal settlement upgrading
- Providing linkages to places of employment and linkages between communities.

- Promoting urban densification and intensification to create an efficient Compact City which includes the facilitation of a range of high density/multistorey housing options as well as mixed uses within the inner city and at key development nodes and along key public transport/development corridors.
- Diversifying housing options; the devolution of housing functions to local municipalities; development of a national policy on inclusionary housing
- In rural areas implementing the Land Reform and Settlement Programme by identifying zones of opportunity or 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.

SDF STRATEGIC FOCUS

The revised BCMM SDF (2020) has a renewed two-pronged strategic focus.

The first strategic focus is facilitating Spatial Transformation by promoting the Compact City concept and spatially targeting strategic areas for investment and development. The locus for the Spatial Transformation initiatives are:

1. Two Catalytic Development Nodes - East London CBD & Inner City and Mdantsane Urban Hub
2. Four Catalytic Development Corridors - MELD Corridor & Northwest Development Corridors; West Bank Economic Corridor/Logistics Hub; Bhisho-Qonce-Zwelitsha Development Corridor.
3. Six Mass Integrated Human Settlement Development areas situated on well-located land across the city where inclusive mixed-use residential communities can be built at 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 growing Logistics Economy
2. supporting the expansion of the Knowledge-based economy
3. Facilitating the massive potential for growth and job creation in the New Digital Economy resulting from the technologies of the Fourth Industrial Revolution (4IR)
4. Support Township Economy: Priority to release 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

SPATIAL DEVELOPMENT FRAMEWORK MASS INTEGRATED HUMAN SETTLEMENT AREAS

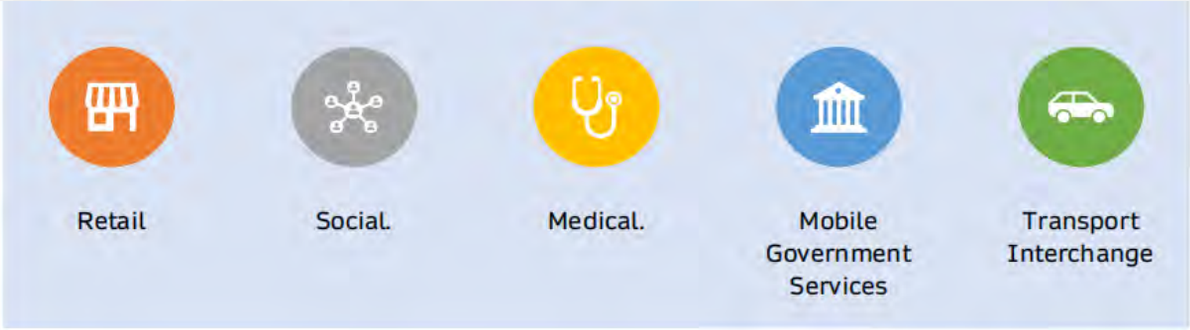
Six Mass integrated Human Settlement Areas have been identified in key locations to cater for the Housing Backlog. These areas are intended to: **AREAS**

1. Accommodate a **range of socio-economic groups** in a **range of housing types** in a fully Integrated Human Settlement.
2. Be developed at **high density** and can include social housing flats, high rise RDP, Gap housing, plots for self-build housing, managed land settlement.
3. Include business sites and community facilities

6 Mass Integrated Human Settlements	Estimated Residential yield
West Bank	71340
Quenera	26595
Arnoldton/ Reeston North	25695
Ginsberg Extension	14910
Bhisho Precinct	6144
Amalinda Junction	6009
TOTAL	150693

SPATIAL DEVELOPMENT FRAMEWORK RURAL DEVELOPMENT PROGRAMME

Strengthen Rural **Nodes** that will cater for the following essential services:



Facilitate Agriculture Development:

- **Assist** residents to create sustainability by themselves for themselves
- Continue with Rural Housing Programme
- Rural Economy Programme
- Focus on Agro **processing**
- Tourism
- Conservation.

SPATIAL DEVELOPMENT FRAMEWORK INDUSTRIAL REVITALISATION PROGRAMME

A key element of the programme is the repurposing of the following Industrial Areas:

West Bank Smart Logistics and Automotive Hub:

- Port/Airport/MBSA/IDZ
- Airport Logistics areas
- Collondale - Gradual conversion to logistics to support Airport
- Logistics area – Relocation of Orange Grove

Wilsonia, Fort Jackson & Mdantsane.



Wilsonia

Re-purpose for logistics;

Benefiting from the bridge over Buffalo River.



Fort Jackson:

SMME Hub

Repurpose for logistics



Mdantsane industrial park adjacent to Mount Ruth Node

Logistics focus

Dimbaza industrial area:

a) Responding the 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

Ntabazuko Green Energy Hub:

a) Solar Farm
b) Manufacturing of Green tech

Service Delivery Priorities.



Implementation of SPLUMA and the SPLUM By Law



Upgrading of Informal Settlements



Formulation of Local Spatial Development Frameworks

SPATIAL DEVELOPMENT PLANNING OUTPUTS

FORWARD/SPATIAL PLANNING

Amalinda Cambridge Local Spatial Development Framework: The Amalinda Cambridge LSDF commenced in the 2023/2024 Financial Year and the Inception Phase, the Development Perspective and the Draft Development Strategy were completed, and it is well underway and will be finalised in the 2024/2025 Financial Year.

SETTLEMENT PLANNING

Settlement Planning projects are undertaken as a response to a need for decent housing provision and to confer land tenure rights to the beneficiaries. The following Settlement planning projects for the Establishment of Townships and Feasibility Studies were undertaken during the 2023/2024 Financial Year.

Township Establishment
BCMM finalize several Township Establishment in the 2023/2024 Financial Year being the following settlements:

- **Xhwithinja** - Not yet finalised because of land ownership issues which are outside the control of BCMM.
- **Potsdam Unit V North and South** - Not yet finalised because of a conveyancer's certificate still outstanding.
- **Smiling Valley Township Establishment** - Not yet finalised due to lengthy processes with respect to the acquisition of land.
- **Tyutyu Township Establishment** – A service provider was appointed in March 2023 and has commenced with their work. The project has been confronted with compliance with Environmental Issues. BCMM submitted a Section 24(g) application to DEDEAT on 28 June 2024 to address the issues and DEDEAT is currently assessing the application.
- A Service provider was appointed for **Nompumelelo and Sonwabiso Township Establishment** projects on 28/11/2023 (accepted on 6/02/2024) respectively.
- Subdivision of Erf 325 NU 5 Mdantsane approved by MPT on 19/03/2024.
- Ekuphumleni and Masibambane Township Establishments were approved by the MPT

Feasibility Study
The Township Establishment process is preceded by a Feasibility Study process in order to determine if the area in question is viable and feasible for further development (subsidised housing) and the Spatial Planning and Development Directorate has completed the following Feasibility Studies in the 2023/2024 Financial Year listed below:

The Directorate of Spatial planning and Development has completed the Feasibility Study for Cambridge Location Informal Settlement, which was approved by Council on 26 June 2024.
The Township establishment will commence once a budget is made available.
Budget

In the 2023/2024 Financial Year there was R 1 226 800 on the Operating Budget available from ISUPG Grant Funding for Feasibility Studies and Township Establishments of which the expenditure was R 1 104 497, being 90%.
T3.10.1.

Applications for land use development.

The Spatial Planning and Land Use Management Act No.16 of 2013 requires the BCMM to have a By-law and a Zoning Scheme which specifies the purpose for which land, being a specific property, may be used. It also sets out the land use restrictions applicable in respect of each property in the municipality, as determined by the relevant Zoning Scheme Regulations.

A property owner must submit a land use application to the City Planning Division in terms of the provisions of the SPLUMA By-law and the Buffalo City Zoning Scheme when such owner wants to change his/her land use or alter the applicable land use restriction on the said property. These land use applications entail the following Rezoning, Subdivision, Special Consent, Consolidation and Departures (which may either be permanent or temporary).

Land Use applications are processed in the prescribed manner as per the provisions of the SPLUMA By-law and the Buffalo City Zoning Scheme. It must be noted that the Spatial Planning and Land Use Management Act 16 of 2013 is now the only planning legislation in place to approve planning applications. All other planning legislations and regulations were repealed by the Provincial Government.

A total number of 443 planning applications were received by the BCMM during the 2023/24 Financial Year as follows:

Land Use Application Types	Total Number of Applications Received
Subdivision	33
Rezoning	40
Removal of Restrictions	72
Consent Use	13
Permanent Departure (Building Lines)	197
Temporary Departure	88

- The number of outstanding applications at the beginning of the period (1 July 2023) was 85.
- During the 2023/24 financial year a total of 381 planning applications were approved
- A total of 62 applications were outstanding at the end of the period of the Financial Year, being the 30 June 2024

In terms of the SPLUMA Regulations a period of twelve months is allowed for the administration phase of land use applications submitted. During this time a period of thirty days is allowed for advertising and public participation, as well as the circulation of applications to Municipal and affected State Departments. Should objections be received to an application, the applicant must try to resolve such objections with the objector(s). This often leads to delays in finalizing application. The timeframe can also be longer if appeals are submitted against a decision made by the Municipal Planning Tribunal (MPT). In most cases the prescribed timeframes are met.

It is important to note that in many instances where the timeframes are not met, is because of a delay in receiving comments from relevant departments, excluding external departments or when the applicant does not meet the timeframes giving to him eg. placing of advert, receiving consent from affected property owners or not submitting outstanding information requested in order to process and finalize the application. Therefore, many applications follow different timeframes because of the nature of the application and the process it must follow and when objections or appeals are received. It is also important to note that some applications might need for example a full Environmental or Traffic Impact Assessment which also requires an approval from an external Department from Province or National -and therefore the processing of these applications require more time.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024
Planning application received	7	6	50	40	1844	1263
Determination made in year of receipt	3	3	8	3	1368	1042
Determination made in following year	4	3	0	0	0	0
Applications withdrawn	0	0	1	0	0	0
Applications outstanding at year end	6	4	41	37	476	221
T 3.10.2						

Planning policy objectives taken from the IDP

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
Determine planning application within a reasonable timescale	Approval or rejection of all built environment applications within a x week	N/A	N/A	N/A	N/A		N/A	N/A	N/A
	Reduction in planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned	0 planning decisions overturned
	Average number of days taken to process building plan applications for approval (plans below 500 square metres)								
	Average number of days taken to process building plan applications for approval (plans above 500 square metres)								
									T 3.10.3

Employees at planning Services

Employees: Planning Services					
Job Level	Year -2022/2023	Year 2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	9	8	1	11%
4 - 6	20	29	24	5	17%
7 - 9	22	20	19	1	5%
10 - 12	51	53	49	4	8%
13 - 15	18	19	18	1	5%
16 - 18	3	3	2	1	33%
19 - 20	2	2	2	0	0%
Total	124	135	122	13	10%

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

Financial Performance for FINANCIAL YEAR 2023/2024: Planning Services.

Financial Performance 2023/2024: Planning Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	13,051	23,393	23,393	13,257	-76%
Expenditure: Employees	61,470	68,514	67,331	63,074	-9%
Repairs and Maintenance	252	1,439	1,156	101	-1330%
Other	33,351	20,093	18,914	31,813	37%
Total Operational Expenditure	95,074	90,046	87,402	94,987	5%
Net Operational Expenditure	82,023	66,653	64,009	81,730	18%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.10.5

Capital expenditure for FINANCIAL YEAR 2023/2024: Planning Services.

Capital Expenditure 2023/2024: Planning Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8,500	867	744	-1042%	
Office furniture & equipment (directorate)	500	161	161	-211%	161
Aerial photography and mapping	2,000	–	–	0%	2,000
Plotters	600	–	–	0%	–
Survey equipment	400	583	583	31%	583
Upgrading of **KWT** payments hall	5,000	–	–	0%	1,299
Upgrading of KWT payments hall c/o	–	(0)	–	0%	1,359
Architectural software	–	123	–	0%	–
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.10.6

Overall comment on Planning Services.

GEOMATICS

The Geomatics Division operates like a service unit under the Department of Development Planning within the Directorate of Spatial Planning and Development. Although situated within the Department, its scope of services extends beyond to other Directorates across the institution, and the larger BCMM community. Notably, the range of services offered by Geomatics add to the integrated housing development value chain that is targeted at building a sustainable human settlement space across whole the City.

In the main, there are two categories of services that provide a critical support to the spatially transformed goals of the City: -

1. Cadastral Survey Services, and
2. Engineering Survey Services

Cadastral Survey services have a myriad of benefit to the City. The most prevalent being the direct impact to revenue enhancement through the subdivision of municipal land for acquisition (buying), disposing (selling) or leasing to prospective buyers or lessees, as the case may be. Equally, the housing delivery process, to create more townships for beneficiaries, is underpinned by Cadastral Survey which ensures proper demarcation of tenure secured freehold stands

Similar to Cadastral Survey, planning processes and design of engineering services which provide support to land development within the City, are all enabled through the Engineering Survey services provided by Geomatics.

Geomatics projects within the above categories are implemented annually in accordance with the allocated budget. A total expenditure amounting to R893 146 was incurred in the 2023/2024 financial year. This expenditure translates to **159.9** hectares of land and **108 residential sites** surveyed to provide development support in various wards as below: -

1. **Ekuphumleni (Ward 11)** – cadastral survey with 58 residential sites at R189 750
2. **Ekuphumleni (Ward 42)** – cadastral survey with 58 residential sites at R189 750
3. **KwaBotha (Ward 50)** – 52.1 hectares topographical survey at R121 496
4. **Sweetwaters (Ward 50)** – 54.5 hectares topographical survey at R196 075
5. **Sonwabiso (Ward 42)** – 53.3 hectares topographical survey at R196 075

A total budget of R2 000 000 been set aside for following Cadastral Survey projects which will also be implemented in the 2024/25 financial year: -

PROJECT	WARD	RESIDENTIAL SITES
Slovo Park	Ward 20	138
Masibambane	Ward 48	11
Masizakhe	Ward 12	88
Winnie A	Ward 30	25
Winnie B	Ward 30	56
Winnie C	Ward 30	26
JF Mati	Ward 30	17
Nkomponi	Ward 12	2
Khayalethu	Ward 12	68
Tyutyu	Ward 43	339
Erf 325	Ward 40	2
Slovo Park	Ward 42	128
Total		900

TRANSPORT PLANNING AND OPERATIONS

NAME OF PROJECT (Major Projects)	PROGRESS/ STATUS	ALLOCATED BUDGET 23/24	EXPENDITURE TO DATE	CHALLENGES EXPERIENCED AND SOLUTIONS	MAJOR ACTIVITIES FOR 23/24	PROJECT VALUE and ACTIVITIES
Sleeper Site Road – Phase 2	Project is complete	R 47,800 000	R 47,800 000	Water Burst – Re-align all pipes on sidewalks	Roadworks, Stormwater, Sidewalks, Road Markings	R 58,5m
Upgrading of Ebuhlanti Taxi Rank	Project is 95%	R 11,150 000	R 10 856 651	Labour unrest – Department of labour intervened	Holding area, Shelters, Hawker Facilities, Ablution Facility	R 17,5m
Qumza Highway	Project is 85%	R 19 500 000	R 17 859 581	Rainy Days – Extension of time	Construction of Traffic Circle	R 25,6m
Traffic Signals	Project is complete	R 3 000 000	R 3 000 000	Vandalism of Infrastructure. Enhance signals with CCTV and sensor to deter vandals	Installed New Signals at Three Intersections and Installed Enhancement of CCTV and sensors at eight intersections	R 3 000 000

Sleeper Site Project

Project entails the Re-Alignment of the R72 through Currie Street up to Sleeper Site to the east and joining Fitzpatrick Road between Panmure Place and Commercial Road. The project was split into two phases in line with the budget:

- **Phase 1** catered for the construction from Tutton Terrace through the Sleeper Site through Commercial Road onto the Northeast Expressway (red line) and was completed in June 2021.
- **Phase 2** caters for the upgrading of Currie Street from Moore Street to Fleet Street to (yellow line).

SCOPE OF WORKS:



The proposed upgrading Currie Street includes:

Currie Street:
The reconstruction of Currie Street between Moore Street and Fleet Street as a Class 3 dual carriageway road.

Side Streets
Upgraded with dedicated parking areas

Intersection Upgrades:
Traffic movements will be restricted at the following intersections to left in left out movements through the construction of a median island:

- Currie Street / Tennyson Street
- Currie Street / Longfellow Street
- Access from Currie Street onto Chambers Street will be completely prevented through the construction of a sidewalk.
- Minor adjustments will be made to the intersection between Currie Street and Fleet Street as this intersection was upgraded as part of a previous project.

Electrical Infrastructure
Street lighting to be installed along the full length of Currie Street.

Traffic Signals
No new traffic signals will be installed under this project. Only upgrading of the existing traffic signals at the intersection between Currie Street and Fleet Street will be done.

PROJECT COSTS, JOB CREATION & SMME DEVELOPMENT.



Project Value

R 58 521 150-62 Incl Vat For 12 Months



Employment Opportunities / Beneficiaries

59 Local Labours Will Be Employed During The Construction Stage



Small Micro Medium Enterprise (Smme)

14 SMME Were Appointed During The Construction Stage.

UPGRADING OF EBUHLANTI TAXI RANK

The project entailed the Upgrading Ebuhlanti Taxi Rank includes:

- Cleaning and grubbing the site as required
- Construction of Taxi rank stand and loading bays with paving bricks and asphalt surface.
- Construction of full steel rank structure with corrugated roof cover with total are 1530m^2 .
- Steel structure includes concrete footings and stub columns as per drawings.
- Construction of Ablution facilities, 24m^2 for males, female and disabled people
- Construction of hawker stalls, 63.m^2 complete with all necessary services.
- Construction of pavement layers for the entire rank area
- Storm water drainage systems consisting of piped and surface networks that connects to the existing municipal

PROJECT COSTS, JOB CREATION & SMME DEVELOPMENT.



Project Value

R 17 453 784-65 Incl Vat



EMPLOYMENT OPPORTUNITIES / BENEFICIARIES

10 local labours will be employed during the construction stage.



SMALL MICRO MEDIUM ENTERPRISE (SMME)

SMME will be appointed during the construction stage.

QUMZA HIGHWAY – CONSTRUCTION OF TRAFFIC CIRCLE AT GOLDEN HIGHWAY

The project Entailed the Construction of Traffic Circle at Intersection of Goden Highway & R102 to alleviate the traffic flow in the morning and reduce accidents within the area. The Scope of Works are as follows:



The project will be completed by end of November 2024.

PROJECT COSTS, JOB CREATION & SMME DEVELOPMENT.

Project Value

R 25,600 000-00 Incl Vat

EMPLOYMENT OPPORTUNITIES

8 local labours will be employed during the construction stage

SMALL MICRO MEDIUM ENTERPRISE (SMME)

5 SMME will be appointed during the construction stage.

Traffic Signals

- Installed New Traffic Signals at three intersections with added security features (CCTV, Sensors & Fencing) at Ziphunzana & Dunoon, Ziphunzana & Fitchet and Ziphunzana & St Johns)
- Upgraded eight intersections with added security features (CCTV, Sensors & Fencing) at Cambridge & Fleet, Amalinda & Woolwash, Fleet & Buffalo, Frere Road Pedestrian Crossing, Kimberly & St Johns, N2 & Bonza Bay, N2 & Meadow Road, NEX & Thorburn Terrace and Sunnyside & Woolwash Road.

PEDESTRIAN BRIDGE DESIGN AND IMPLEMENTATION

This programme commenced in 2018 for the implementation of various pedestrian and vehicular bridges to provide safer access to the communities of BCMM. To date the programme has implemented six bridges, namely Qalashe, Duncan Village Bridges, Siya Street and Matanzima Street, Cambridge Township and Ncera at Ward 31 with two more programmed to be built (“Sithembiso and NU11B to NU12”) in the current financial year (2024/2025) and the final two to be built in the following financial year. The Scope of Works for these projects are as follows:



The current programme of bridge implementation is expected to be completed by June 2026, where after further studies and implementation will take place.

PROJECT COSTS:
Programme Value by financial year:

YEAR	PROJECTED EXPENDITURE
2020/2021	R 3 500 000-00 Incl Vat
2021/2022	R 9 000 000-00 Incl Vat.
2022/2023	R 0
2023/2024	R 0
2024/2025	R 11 000 000.00 Incl Vat
2025/2026	R 3 000 000.00 Incl Vat
2026/2027	R 10 000 000.00 Incl Vat

T3. 10.7

3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Introduction to economic development

Buffalo City Metropolitan Municipality (BCMM) has many rural wards which are characterised by high levels of poverty, unemployment and inequality. Majority of these rural communities are moving to urban areas to seek better living opportunities. The number of these rural wards of BCMM keeps on increasing due to ward demarcation process carried out by Demarcation Board of South Africa. BCMM resolved to put more emphasis on agriculture and rural development to address the problem stated above through the planning and implementation of various programmes. During the 2023/24 financial year, BCMM implemented the following programmes and projects:



Public Employment Programme

The envisaged outcome of the Public Employment Programme (PEP) conceptualized in Buffalo City Metropolitan (BCMM) is to contribute to food security and nutrition in the Metro through focusing its PEP on urban farming. Urban agriculture or urban gardening is defined as the practice of cultivating, processing, and distributing food in or around urban areas. Urban agriculture can also involve animal husbandry, aquaculture, agroforestry, urban beekeeping, and horticulture. These activities occur in peri-urban areas as well, though peri-urban agriculture may have distinct characteristics. This is a continuation of a programme which has been implemented in the last two financial years 2021/2022 and 2022/2023.

The 2023/2024 approved budget allocation was R6 328 286. This budget was utilized towards the project activities for the 11 sites that were selected during the 2022/2023 budget period. Site selection and participant selection for the additional 11 sites was carried out during the months of April and May 2023. Site visits were conducted in May 2023, thereafter, training of participants commenced in June 2023, continuing through to July 2023. There was a total of 308 participants allocated to the various training sessions. All training sessions were concluded in July 2023.

Due to the on the ground project activities on these 11 sites only commencing late in May 2023, and due to the number of participants being significantly increased, these projects activities continued through to the 2023/2024 financial year.

The 11 sites selected for this second phase of the project were as follows:

#	Inland	Coastal
1	Ginsberg	Phulmani
2	Mxhalanga	Sunny-South
3	Mdantsane NU7	Nxarhuni
4	Mdantsane NU15	Nkosiyane
5	Ndevana	southernwood
6	Qaga.	

During the 2023/2024 financial year, project activities relating the 11 sites selected in the previous financial years continued. Once training of participants concluded in July 2023, Monitoring and Mentoring of participants and visits to the sites continued for several months until December 2023.

During the 2023/2024 financial year, an additional 2 sites were selected to accommodate some of the participants who were trained during the June/July 2023 intake. The two new sites are in Potsdam and Kwa Kuni.

Project Sites

Project activities will be detailed per site below as each site has its own unique attributes, site design, challenges, and outcome.
This report will provide an update on the sites visited during the monitoring and mentoring phase, which covers the period from August to December 2023. Training of participants was conducted during the months of May to July 2023, and details relating to the training were included in the 2022/2023 report to Treasury.

Sites from both regions, the Coastal and the Inland Regions, were visited. Some project sites are doing very well, but others have experienced overwhelming challenges. A few sites were found to be unattended and poorly managed, where they were overgrown with weeds and the vegetables have not been harvested.

Those that are flourishing have already harvested and made some sales, from which they were able to buy more seedlings to replenish their stock. For those sites that were not progressing, we consulted with the participants to determine the problem and provide advice on what to do depending on the situation they were facing.

There was a total of 11 sites selected for this project period. Project planning commenced in March and April 2023, where potential sites were identified, and participants were selected. RULIV commenced site visits in May 2023 once the identified sites were communicated.

The site visit before training is particularly important as it plays a crucial role in the planning and budgeting process. In addition, it provides us with an opportunity to assess the site in terms of the security at the site, availability of water for irrigation and the soil quality and type etc.

There was a total of 7 inland sites that were visited during May 2023, and most were almost ready for commencement of project activities except for two sites located in Nxarhuni and Boxwood. Phumlani.

Project activities on at least 5 of the 7 sites inspected had commenced. The participants had worked extremely hard to prepare and clear the sites in preparation for training. Training on these sites took place in June 2023 and was finalised early in July 2023.

There was some project delays experienced due to the selection of the sites as well as the selection and allocation of participants to the respective sites. This related mainly to coastal sites and the site visits of the coastal sites could only be conducted late in June 2023, once the sites had been identified.

GINSBERG

The Ginsberg site is located within the school grounds at LG Forbes Senior Secondary School in King Williams Town, which is only a few kilometres away from the late Steve Biko's Residence. Training of participants on this site has been completed in June 2023. This group of 26 participants consists of unemployed youth which were selected from the Tshatshu, Mdingi, Lenge, and Masingatha communities. These participants had already started clearing the site long before the training commenced which showed their dedication and commitment to the project.

Water was a challenge at this site. Aside from the standard workwear, tools and garden inputs provided to the sites, this site was also provided with two 5 000 litre water tanks to alleviate the water shortage issue, as the taps on site were dry and there was no alternate source of water. The Ward Councillor has agreed to organise a water truck to deliver water to fill the tanks.



Sites visits during the 2023/2024 year confirmed that the participants were still active on the site. During the monitoring and mentoring period, specifically during our visit in September 2023, we found that the participants were doing better than anticipated. They had harvested and their produce was being sold to the community and schools in the area. Participants remained committed to the project. The site had been

supported with water tanks and it was suggested that built for these tanks as the surface on which they stood was not level and this could result in the tanks falling and breaking which would cause them to lose captured water.



There were originally ten participants when the project started, but one of the participants passed away, so there are nine participants remaining on site. On a follow up visit we found the site to be in good shape, with fencing still intact. However, the soil is dry and there is a dire need for water. Crops need more consistent watering, but the site is continuing to produce a harvest. Some parts of the site require maintenance as some crops are overgrown with weeds and grass. What is encouraging is that these participants are continuing to invest their time into the site despite the challenges. They remain committed to working hard to ensure that their garden is a success and is sustainable going forward.





Mxhalanga

The Mxhalanga site is in Varoiy Village which is about 15 kilometres outside King Williams Town. On site inspection the area allocated for the garden establishment was in a good condition and would require minimal clearing and preparation. There is a lack of water on this site which could prove to be a challenge going forward. During training and garden establishment, the site was provided with two 5000 litre water tanks as well as all the other items required, such as workwear, garden tools and garden inputs.

There were 15 participants were allocated to this site which comprised a mixture of youth and older females. The 5-day training on introduction to agro-ecology commenced on the 12th of June 2023 and ended on the 19th of June 2023. The training was attended by all 15 participants, and they all attended until the last day. There was a 100% attendance at the training for this site.

After training had been completed and the participants had erected and planted additional raised beds, the garden was then unfortunately destroyed by the neighbour's chickens, who had gained access and ate all the seedlings. This led to the participants having to leave the allocated project site and establish a new garden on a new site. This new site is close to the original project site. This new garden was then replanted at the participant's own expense.



The participants are familiar with one another as they have been working together for a long time and they understand each other well. The fact that they re-established a new garden also shows their commitment and great work ethic. This bodes well for a successful outcome in that the participants have shown resilience in a difficult situation, and they have worked together as a team to achieve a common goal. No disputes or lack of commitment is anticipated going forward.



During the 2023/2024 financial year, both sites in this village were visited. In the period to September 2023, we found that the gardens were starting to become neglected, and the plants were not being watered regularly. The participants seemed to not prioritise the needs of the garden and were focusing more of the planting of potatoes.



In the months that followed, we were disappointed to discover that both sites looked neglected and were not looking great. These gardens were full of weeds and had few plants, which were looking unhealthy. On discussion with the few remaining participants, it was found that all the young people had left soon after the contracts had expired, and the stipends had come to an end. Only the elderly women had stayed on site, and they were finding the upkeep of the gardens too much work for them to maintaining themselves and they desperately needing additional hands. Unfortunately, they were struggling to find people to join the project as people would rather be employed and get paid by an employer than work for themselves.

Below are photographs taken at the two Mxhalanga sites in January 2024.





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 commencement of training. Although the school is abandoned, there is still access to municipal water via a single tap about 20 meters from the site. Fencing is still good but there are local people living within the school grounds who are not involved with this project. This could be a potential risk in that access to produce will not be restricted and might be stolen by these residents. A solution to this problem might be to fence the garden with a secure fence and access be held by project members only, this is an option that will have to be explored to mitigate the situation.

A total of 52 participants were allocated to this site for training. These participants were split into two groups and two training sessions were held, the first commencing on the 12th of June 2023 and the second session commencing on the 10th of July 2023. The first group had 26 participants of which only 23 attended the training session. The second group had 26 participants; however, 32 individuals were present at the second training session.

Since the training was concluded there were only 15 participants that remained at the site, all of which are women. The balance of the participants that were trained returned to their respective sites or projects and they will hopefully put the knowledge and skills acquired at the training into practice at their own sites.

Early into the 2023/2024 financial year the participants expanded the site, and they were able to establish 10 fully functional raised beds, which did well and started producing a harvest in the short period thereafter. At the start of the financial period, project activities continued as planned, and the site was monitored over the next few months that followed.

As the months progressed during the 2023/2024 period, the participants harvested and sold their produce to the community and spaza shops in the area. The following challenges were identified during the monitoring and mentoring period: Soil fertility needed to be improved, and it was suggested that additional kraal manure and compost be introduced. A water tank is needed for this project as a back-up for when the water taps are dry. A spraying program needs to be implemented as some of the crops were being attacked by pests. The participants were guided on forms of pest control that could be used to eradicate the pests. The below photo reflects the state of the site in September 2023.



As the year progressed, we found that the participants had grouped themselves across the two sites, identifying the first site as the “Boys Corner” as the men did not want to work with the ladies, and then the second site being managed by the women. The men’s site does not have a nearby water source which was affecting the quality of their produce. The crops on both sites did not look good and there was an abundance of weeds covering the crops, which demonstrated that the plants were not being regularly maintained. From what was seen it appeared that the participants had ceased activities on the sites when their contract with the Metro came to an end. The participants should understand that the purpose of the training was to provide them with the necessary skills required to address both food insecurity and to generate an income to sustain themselves. Unfortunately, participants are too quick to give up on a project where they are required to commit themselves to when a stipend is not being paid, and they lose focus on the long-term objective and goals.

Below is a picture of Site 1, the “Boys Corner”, taken in January 2024.





The following pictures are of the “Ladies Site”, also taken in January 2024.



Mdantsane NU15

The area that was selected for garden establishment was small and in a poor condition. The soil quality was terrible as there was no topsoil at all, and it resembled gravel. There is no water source nearby and participants are required to access water from the NU15 Rent Office which is located approximately one kilometre away. There is a local school close to the site, but unfortunately the principal could not permit access to the water at the school. The selection criteria for potential sites included the requirement of an easily accessible water source, fencing and a secured environment and good soil quality.

There were 26 participants allocated to this site and these individuals were selected from the Mdantsane and Potsdam communities. However, only 19 participants were present at the training and garden establishment that was held at the site from the 3rd to the 7th of July 2023.

The establishment of raised beds at the site was limited to 5 raised beds that were erected during the practical training. The length of these beds had to be reduced from the standard 10-meter length to fit within the available area. No further garden development will be possible beyond these established beds due to there being no additional available space at the allocated site. Not all the participants trained remained at

the site due to the size of the garden established. The excess participants, especially those from the Potsdam community, returned to their respective locations with the hopes of establishing their own community gardens within their local areas.

Project activities commenced early in the 2023/2024 financial year and progress was constantly monitored, and the participants mentored to ensure a successful outcome. Because of the challenges highlighted in relation to the type of soil within the garden, the group identified an alternate site which was then utilised as a garden. During the monitoring and mentoring phase, the participants received continual technical assistance and encouragement to motivate them to continue with the programme beyond the training.

During the period of months leading up to September 2023, the participants had moved onto the new site. At that point, the participants had commenced with land preparation, but no planting had been done. There was still a lot of work that needed to be done in the area as the soil was rocky and littered with broken glass. However, the participants were determined to continue working even beyond the expiry of their contract with BCMM.

Ndevana

The site at Ndevana already had an existing agricultural project, which consisted of two vegetable gardens. Municipal water is accessed from two taps located within the garden area. The property is secured with fencing and lockable gates. These gardens are managed by a group of young, self-driven and highly motivated individuals. Their enthusiasm for what they do is clearly visible to everyone.

This site and the relevant individuals were selected to participate in the programme as a means of upskilling the individuals and providing a means to promote and extend the existing project into a more sustainable and income generating operation. There was a total of 32 participants that were allocated for training at this site, of which 9 participants were already working at the site and the additional 23 participants were selected from the Sweetwaters and Phakamisa communities.

The training on introduction to Agro-ecology and organic farming commenced on the 19th of June 2023 and ended on the 23rd of June 2023. The training was conducted at the Ndevana project site and was attended by 27 participants out of 32 participants that had been allocated to this site for training.

Training went well and 5 raised beds were erected and planted during the practical garden establishment sessions. The existing beds were not included in the training as they were flat beds and these types of beds are used to grow maize, pumpkin, beans, potatoes etc. Agroecology utilises raised beds to achieve a higher crop yield and the vegetables selected are those that can produce a higher nutritional content and hence provide the proper balanced nutrition for growing and developing children and youth.



Since the conclusion of the training, the original 9 participants that were already located at the site remained at the site and continued with the garden establishment. A further 6 raised beds have been erected, and crops are growing well. Crops were harvested within 2 to 3 weeks after training concluded.



Ongoing monitoring and mentoring took place for several months after training concluded and site visits done during the period to September 2023 showed that the site was continuing to progress well, and harvesting and selling of produce was happening on a regular basis.

Site visits conducted in the latter part of the 2023/2024 financial period were positive. The site is well maintained and some of the creativity and artistic design of the participants is evident. There are currently 8 participants on site, 4 females and 4 males. This group comprises one elderly person, who is the leader, and the rest of the group are young individuals. During this period the site was vandalised, and the water pumps used for watering the plants inside the tunnels were stolen. Fortunately, the garden outside the tunnels were not affected.









This site is expected to be self-sustaining within a brief period, partly due to the commitment and enthusiasm of the participants and partly due to the ongoing mentoring and monitoring that was provided to the project.

Qaga

The Qaga site is an already existing community project, which is located on property of an individual community member. As there was already some agricultural activity taking place at the time of selection, the site was in a useable condition and did not require much preparation. The only source of water is a tap which is approximately 5 meters from the garden site. This is not a reliable water source as often there would be no water supply for weeks at a time. Two 5 000 litre tanks were provided to assist with water supply, especially in the instance where their main supply is no longer functional. The site is well secured with well-maintained fencing and a gate which is locked after hours.

The training in introduction to agro ecology was conducted on this Qaga Village site in King William's Town. The training commenced on the 12th of June 2023 and ended on the 19th of June 2023, which was a 5-day period. The training was attended by 19 participants, and they all attended until the last day. Although the participants were eager to learn and get involved in the practical aspect of the garden establishment, it was clear that they were never exposed to any formal agricultural training, and a few of them had not previously been involved in working in vegetable gardens prior the training. It should be noted that one of the selection criteria was that participants should have some formal agricultural background and skill or be currently involved in community agricultural projects. Having some formal training and skill in this sector is important in ensuring that participants remain committed and that a successful long-term outcome is achieved.



Participants were divided into four groups during the training session, and each group had to construct a raised bed with the guidance of the facilitator. Each raised bed is 10 meters long and 1.5 meters wide, with a 1-meter gap between them so that it could be utilised as a foot path. This is wide enough to allow a wheelbarrow to be pushed between the beds with ease and to also allow for wheelchair access. All participants were hands on during the session, showing eagerness to learn. In total five raised beds were constructed and planted during the training period. The participants were then left to continue with the extension of the garden by erecting additional raised beds and planting them with seedlings.





During the 3-month period following the training and garden establishment, there were several visits to the site and participants received mentoring and were assisted with advice where needed. The crops were looking healthy and were being watered regularly. Harvesting had taken place, and the participants were selling their produce locally. Planting and garden expansion was continuing throughout this period. Although the garden was doing well, some weeding around the plot was needed to keep the garden neat, leaving no place for pests to hide.



During the period after September 2023 until the latter part of 2023/2024 financial year we were disappointed to see that the once promising site was now showing evidence of neglect. No vegetables were growing in the garden and the site was completely overgrown with weeds. From the state of the garden, it appears that operations had ceased for a while. No one could be located on site. The water tank was lying on its side and not in good condition.



Phumlani

This coastal site is located within the school grounds of Phumlani Thembalethu Primary School, which is situated within Needs Camp, Phumlani Village. Our initial site inspection found that the fencing was not very secure, and that there were several broken areas where animals are able to access the site. This would be a concern going forward as existing crops could be comprised and eaten by stray animals. There is adequate water supply from the municipal tap and two existing water tanks. The soil was clay in texture and needed extra nutrients to enable it to sustain vegetable production. Nutrient rich compost was added to the soil to increase soil quality and ensure proper water retention.

Training on agro-ecological and organic farming started on the 3rd of July 2023 and was completed on the 7th of July 2023, which was a period of 5-days. There were 35 participants allocated to this site for training, however only 29 participants attended. These participants are young adults from the Boxwood and Silverdale communities.

Participants were fully involved in the training and garden establishment process and have since erected another six raised beds and are still in the process of extending this site with further raised beds. Project activities are being executed efficiently and participants are working well together. We anticipate a successful outcome on this project site and will continue with the mentoring and monitoring process over the next few months.

During the monitoring and mentoring phase, leading up to September 2023, the participants were harvesting and selling their produce to the local community. The participants were also involved in assisting the school to establish their own vegetable garden. Some general garden maintenance needs to be done, such as weeding and mulching of the raised beds. The garden was looking a little untidy.





Currently there are 5 members still at the site, 3 females and 2 males. Originally there were 13 participants at the start of the project. Site visits conducted in the second half of the year revealed a garden overgrown with weeds. The participants explained that they were unable to gain access to the site as the gate been locked by the caretaker, who had been instructed by the school principal to do so. The last time produce was sold was in October 2023, with the profit being used to buy seedlings. The participants utilise the wheelbarrow to transport their produce around the village where they will sell their vegetables. Rainfall and insects are still proving to be a big challenge for this site.



Sunny-South

The area in which this site is situated is within a popular Kidds Beach area which had pineapple factories. The site is located within the Brayside Primary School which has an existing but very poorly maintained vegetable garden. Prior to site selection, this garden was not active and was not generating any produce. The site is secured with well-maintained fencing and locked gates. There is access to municipal water, however the taps are located over 100 meters from the garden site. The only solution to address this problem is to provide the site with two 5 000 litre water tanks so that water can be stored closer to the garden and will be readily available when needed for irrigation.

Participants were selected from the Ncerha, Kuni and Tsholomnqa villages. There were 39 participants allocated to this site for training. The training commenced on the 3rd of July 2023 and was completed on the 7th of July 2023.

The training was attended by only 35 participants. Those that did not attend stated that distance was an issue, and they were unable to acquire transport to the site. The participants that attended the 5-day training were a mixture of youth and adults, who showed great enthusiasm during the training period. After training concluded, there were 8 participants who remained on the site. All other participants returned to the own areas where we had hoped they would implement the knowledge and skill acquired at the training session to either establish their own gardens or improved on their existing gardens.

Project activities on this site commenced early in the 2023/2024 financial year, with regular site visits taking place over the period of August 2023 to February 2024. From the period directly after training until September 2023, the site was expanded to a new site. Harvesting took place during this time with much of the produce being donated to the school. The participants also implemented a spraying program as the crops were being attacked by pests. Soil fertility still needs to be improved by adding more kraal manure and compost. The pictures below are of the first and second sites respectively.





Site visits during the latter part of the financial year, until February 2024, revealed that the site inside the school premises was being neglected. There were only two female members on site at the time of the site visits. These ladies explained that the other members had left the project as they had obtained employment elsewhere. Of the original 8 participants allocated to this site at the start of the project, with two being males and six females, only two females remained. Besides the donation of produce they had been making to the school; they had also started selling their produce to the neighbours. However, since the number of active participants had reduced, less work had gone into maintaining and replanting the garden. This has resulted in decreased produce for harvesting and they are no longer have excess produce to sell for income.

Nxarhuni

The Nxarhuni site is situated at the Nxarhuni Primary School in Newlands. There was an abandoned garden at the site however no recent activity was detected as the garden was overgrown with weeds and grass. There is a tap inside the garden which provides municipal water to the site. Prior to training the old garden was dug over, and a larger area surrounding this garden was also cleared and prepared for garden establishment.



Training commenced at the site on the 3rd of July 2023 until the 7th of July 2023. There were 22 participants that were allocated to this site but only 19 participants attended the training. Participants selected comprised young adults that were from the Khwetyane and Ntsokotha communities. They were enthusiastic and energic individuals that fully immersed themselves into the training and garden establishment sessions. Their dedication to the project was noted when they collectively contributed R50 each from their own personal funds to purchased extra seedlings to further the garden objectives.



Project activities have continued since training ended and these participants have significantly increased the number of raised beds at the site within a brief period. This speaks volumes about their commitment to the success of this project site.

During the monitoring and mentoring phase, the site continued to perform well. The participants at this site started selling their produce to schools and community in the area. In fact, this site was one of the best

performing sites, until the chairperson got employed in a road construction project. Thereafter the participants were just harvesting for their own consumption, and no weeding or irrigation was being done. As a result, crops began to deteriorate, and the site became neglected.



At our last visit to the site there were only two participants who were trying to revive the project. They were in the process of clearing the beds and pathways. We assisted them with seeds and seedlings to help them get the project off the ground and to encourage and motivate them in the pursuit to re-establish the garden. The garden is taking shape again and is looking promising.

Nkosiyane Village

This site is in the Nkosiyane Village, near Dimbaza. There were originally 10 people who were already working on the site prior to inclusion of the site into the project. An additional 9 individuals from Pieri Mission were then allocated to this site for training purposes only. The site already held two small, basic cabbage gardens.

There was an additional vacant area on this site which was secured for the planned training and garden establishment of the project. Fencing around the area was poorly maintained. Water was a challenge in that the only access point for water was a single tap and a small 250 litre tank which was not situated close to the allocated site. One additional 5 000 litre tank was provided to assist with the water storage and to act as a backup for when there was no water supply.



There were 19 participants allocated to the training at this site. This group of participants comprised mostly young unemployed adults. There was a 100% attendance for the entire training workshop, which commenced on the 12th of June 2023. These participants worked diligently on the garden establishment during the training period.

The garden has been further extended with additional eight raised beds which have all been planted with a variety of seedlings. The commitment of the participants is promising and a successful outcome in anticipated.



Site visits conducted early in January and February 2024 revealed that the participants continue to maintain the garden and its fencing. It is situated in a good area. What we saw at Nkosiyane was very impressive. The garden was covered with colourful items and gardens held healthy vegetables. The participants are all young, with five females and one male, which makes it even more of an interesting dynamic. Their target customers are the locals, the bakkies who come to buy vegetables, and the Dimbaza area. One of the challenges they face is that sometimes the rain rots their cabbage. Insects are another problem. We have tried to assist with advice on how to resolve these problems, so hopefully implementation will result in a more positive outcome for them.



Southernwood

The site selected for training in Southernwood was the Ruliv on-site agroecological garden. The reason for this site selection was because the location was central and easily accessible to participants from Ducats, Reeston, Braelyn, Kwelerha and Duncan Village. The raised beds were already in place which reduced the time required to prepare beds for planting. There is an abundant source of water as there are twelve water tanks located on site. As there is an existing Vermicomposting operation on site, these participants were able to get a first-hand view of how vermicomposting is managed. This was not part of the planned training session but was an added benefit for those who attending training on this site.

Training commenced on the 10th of July 2023 until the 14th of July 2023. There were 35 participants that were allocated to this site but only 25 participants attended the training.



Participants were enthusiastic and fully immersed themselves into the training process. Tools and garden inputs i.e., Seedlings, were issued to participants at the end of the training session, with the intention that these items be utilised in the establishment of their own community gardens. Ruliv will still assist these participants with mentoring and provide advice when requested by the participants.



During the 2023/2024 year, once training was completed, there were no further on-site trainings conducted at the Ruliv garden. However, this site is still used as a training centre and the organisation has hosted several students from the agricultural colleges, assisting them in completing their practical component of their qualification. This site continues to produce organic vegetables and herbs, which is either sold to the local community or donated to those in need.

Piggery and Poultry Structure

The economic development strategy has recommended the support of farming activities in Buffalo City metro more especially rural areas. There are several emerging farmers from various villages that practice farming but limited by lack of support from various role players. It is the intention of the Department to assist emerging farmers towards achieving the goals of food security, poverty alleviation, also to contribute in job creation. Due to various reasons, there has been an increase in demand for piggery and poultry products and that resulted in more farmers venturing into piggery and poultry farming. The Department received an application from Abantu Farming Cooperative (AFC), which practices agriculture at Land End Farm, at Fort Grey, near Bhongweni. After thorough screening and selection process of applications, the application of this cooperative was considered. The cooperative applied for assistance with piggery structure. They farm on a One Hundred and twenty (120) hectare land, and they keep five hundred and thirty (530) pigs on the farm. Apart from pig farming, the cooperative farms with ninety-eight (98) beef cattle. Their major market for their pork and beef is the local abattoir in East London. The cooperative gets technical assistance from the local agricultural extension officers from Department of Rural Development and Agrarian Reform (DRDAR). The cooperative has eight (8) members. Abantu Farming Cooperative was supported with building material for the construction of piggery structure amounting to R210 000. As part of their commitment, they agreed to contribute by constructing the structure which showed the level of commitment by the cooperative members.

Livestock Improvement

According to Agricultural Business Chamber, the highest numbers of livestock are found in the Eastern Cape under communal farming practices, but these high numbers do not translate to high or improved income from livestock for the said communities. These communities keep their livestock merely for traditional reasons, hence the need for intervention.

Economic Development Strategy of BCMM (2021) clearly indicated the importance of rendering farmer support and development intervention programmes to promote and enhance agricultural productivity that will contribute to economic growth and job creation throughout the metro. Among the intervention measures recommended is the support of farmers through livestock improvement. Presently, livestock improvement of BCMM focuses mainly on improving wool production from emerging farmers. The support provided includes introduction of high-quality genetic material, supply and installation of shearing shed equipment, construction of shearing sheds and dipping tanks, provision of training, workshops and seminars and facilitating for markets.

The Department supported and supplied emerging wool growers with livestock equipment mainly in the inland region of BCMM, where high numbers of woolgrowers are mainly concentrated, the farmers are located in various areas.

The shearing shed equipment included wool scales, bale lifting scales, shearing boards, wool pressors and wool bins. (see table 1 below):

Table 1: LIST OF BENEFITED WOOLGROWER'S ASSOCIATIONS (2023/24)

NAME	ID NUMBER	NO. OF FAMERS	NO. OF SHEEP	BALES	WEIGHT (KG)	AMOUNT (R)
Jubisa	432000A	21	898	14	1,520.4	78,146.6
Tsolo	473150A	12	282	6	567.5	24,614.98
Ngxwalane	470279A	9	291	7	959.6	44,025.33
Qaga	711230A	1	300	9	582.1	46,340.84

Agri-Village

Agri-village can be described as a farmer support centre where farmers receive various kinds of assistance from various stakeholders. The kind of assistance can range from technical advice to production centre, training and even input supplies. Buffalo City Metropolitan Municipality (BCMM) initiated an Agri-village at Sekunjalo Training Centre through grant funding from Informal Settlement Upgrading Programme Grant (ISUPG). The need for this project was necessitated by the need from various surrounding communities who require training and incubation in various farming skills to support their livelihoods and meet the demand by markets. The Agri-village will mainly assist farmers from surrounding wards (ward 33, 31, 32 and 42). The village has many emerging farmers from the surrounding ward. Sekunjalo Agri-village will comprise of hydroponic tunnels and infrastructure for both layers and broiler chickens, aquaculture infrastructure, etc. The project is implemented in phases due to non-availability of budget to implement a fully blown village that will accommodate even the tourism sector through the establishment of backpackers.

The project consists of ten (10) bay tunnel structure with plastics, fencing, installation of irrigation systems, water harvesting, fertigation house and electrification and it costed an amount of R6 638 800.
The project employed thirteen (13) temporal workers during construction phase. So far, the constructed tunnels are expected to produce about fifty (50) tons of tomatoes per season for both local and overseas markets.

Fencing of Arable Land

The Unit has supported Sinoxolo Primary agricultural Cooperative of Kwa Dubhu location, ward 40 of BCMM, located in King Williams Town (Qonce). The cooperative was established in 2018, has 14 members of which 4 are males and 10 females. The cooperative sells vegetable to locals and fresh produce market, while creating employment for its members and the locals. They grow different kinds of vegetables on a 4-hectare area, from cabbage, to spinach, beetroot, lettuce, potatoes and green maize. The Department of Social Development supported the cooperative with portable irrigation equipment, consisting of pump and microjets sprinklers.

The project has employed four (4) employees, and they create temporary employment for locals during the peak season.

ENTERPRISE DEVELOPMENT UNIT (2023/24)

The Enterprise Development Unit is to realise the numerous programmes that it has implemented to empower SMMEs and Cooperatives within Buffalo City Metropolitan Municipality, as these enterprises contribute significantly to the Metro's economy. It is the same SMMEs that play a vital role in the Metro's economy as drivers of reducing unemployment and alleviate poverty, while creating wealth and generating income in communities.

The Unit has provided SMMEs and Cooperatives with capacity building and training, information sharing, roadshows, provision of machinery and equipment support as well as well as stakeholder management.

The Unit has three (3) Business Support Centres in Coastal (Ducan Village), Midlands (Mdantsane) and Inland (Qonce) that provide support to SMMEs, Cooperatives and the Informal Trade Sector. The centres provide walk in support in the form of business registration, information dissemination, business advice, etc.

Strategic Partnerships

A fundamental aspect of Enterprise Development is the emphasis on building solid partnerships within private sectors to support SMMEs effectively. By working together, stakeholders can significantly impact the growth and sustainability of SMMEs. During 2023/24, two companies were referred for assistance with equipment to Small Enterprise Development Agency (SEDA) and both were approved and SEDA is in the procurement process. Each company received machinery amounting to R250 000.00.

The beneficiaries are as follows:

- Nobetha Utilities owned by a male from ward 22 and Nola Peace B&B owned by a female from ward 9, both businesses are owned by young people.
- They are operating in the manufacturing sector; one manufactures cleaning detergents and the other manufactures steel.

The Unit also has an ongoing partnership with South African Revenue Services (SARS) of providing trainings/workshops for newly registered businesses. These sessions benefit all three business support centres and focus on tax compliance matters (tax incentives and rates). The sessions were held as follows:

BUSINESS SUPPORT CENTRE	DATE	NO. OF BENEFICIARIES
Mdantsane	10 April 24 05 May 24 08 May 24	23 10 19 Total 52
Qonce	23 April 24 09 May 24 13 June 24	18 18 21 Total 57

Youth in business dialogue and exhibition

In closing Youth Month, the Unit hosted a youth in business dialogue and exhibition at Alexander Golf Club on the 28 June 2024. The purpose of the event was to bring together young entrepreneurs, those that aspire to be entrepreneurs to share and discuss opportunities with industry players that would benefit and grow their business operations as well share challenges that exists in the SMME sector.

The invited speakers were young entrepreneurs who shared their journey of running small businesses. Most of the presenters were from the township which made the session to be distinct and practical. The different speakers covered the areas of ICT, township tourism, oceans economy, market opportunities in the fresh produce market, hair and beauty, etc.

Exhibitions – the highlight of the event was a partnership arrangement that was held by the Unit in coordinating the exhibitors that participated, and show cased their products on the day with Phanda Mzantsi. Phanda Mzantsi is a social enterprise that prides itself with skills development and SMME support

to entrepreneurs as well as mentorship provision which is crucial in assisting with business growth of youth in business. Mostly the businesses that are supported are youth owned.

The event was closed on a high note where various equipment was handed over to various SMMEs operating within the city, see table below:

_Handover of Equipment to various SMMEs:

NAME OF COMPANY	WARD	SECTOR	SUMMARY OF BUSINESS OPERATING
Home Tech IT Solution	1	ICT	Home Tech IT Solutions is a small business specialising in information Technology and is based in Duncan Village. Home Tech does computer troubleshooting and repairs to computers of households, schools, and commercial clients. The business owner has IT certificates, including Information technology diploma and certificate in Cybersecurity. The company has employed 1 person with the intention to expand.
Imakwakhe Trading Pty LTD	27	Catering	Imakhwe Trading is a female owned business which is based in Kwelerha,Tikini location.
Siphamandla Solutions (PTY)LTD	3	Internet Café	This is an internet café situated at 27 Gately Street, Southernwood. They offer printing, laminating, photography, and binding of booklet services. The business is run by two males and one female and all of them are youth.
Sikhululwe Project	15	Internet Café	This is an internet café situated at no.2 Kimberly Road in East London; the business has employed five students from Buffalo City TVET College who are doing their in-service training. The business offers bulk printing, laminating, t-shirts printing, and binding.
Sweet Dreams Trading	37	Panel Body Works	Sweet Dreams Trading CC is the panel beat body works, rust business which is owned by a male. The company employed 1. receptionist and seven permanent employees for the workshop totalling to 8 people. The business is operating at Qonce which is under ward 37. The owner is moving to a new structure around Qonce with the intention to employ more people.
Shandis Place and Braai	36	Braai and Car Wash	Shandis place and braai and car wash is owned by a male at Dimbaza Township ward 36. He is operating a tshisa nyama and a car wash whilst on the other hand building a new structure to expand his business and employ more people especially the youth at Dimbaza. He has employed 2 people for the braai and 3 people for the car wash.
Ronnie Staronza Trading	11	Salon	Ronnie Staronza trading is a registered business that is operating at Mdantsane ward 11. The business started working in 2021 with the aim to have academy focusing to training young people who are interested in hair and beauty industry.
Senzekile Grass Cutter Garden	20	Grass Cutter	Senzakele grass cutter and garden services is a registered and operating business at ward 20 Mdantsane Township.
Redawn Media	42	Music Production	Redawn Media is a business that is registered and operating at ward 42. The business is in the music production, film production, publishing and music video shoots.

Incubation Hub (iHub)

The Eastern Cape with its pronounced underdevelopment and the spatial challenges associated with the rural nature of the province provides a suitable environment for the establishment of an inclusive platform to support technology innovation. Duncan Village is one of the underdeveloped areas in East London that has been identified as not having enough resources to support entrepreneurs in the ICT sector.

The Buffalo City Innovation Hub was established in February 2022 in partnership with the Nelson Mandela Innovation, Eastern Cape Development Corporation (ECDC), Buffalo City Metropolitan Municipality, and Telkom as a township hub that provides support to ICT SMMEs/innovators in the Duncan Village area of the municipality.

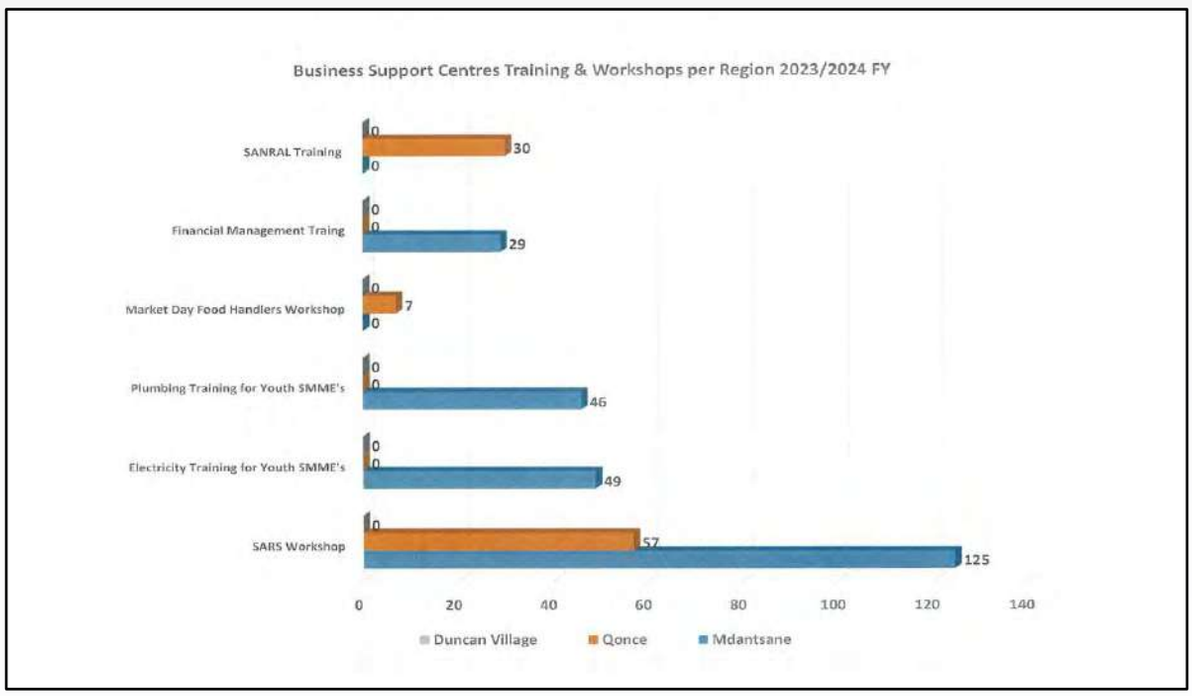
The Buffalo City iHub is currently housing seven companies in different stages of business and spheres within the information communication technology sector. The hub provides co-working space with connectivity, business development support, coaching, mentorship, and business advice to it incubates.

Furthermore, iHub develops programs that create opportunities for local communities to become economically active. The focus is on creating upskilling programs in ICT and entrepreneurship. The programs ensure communities participate in the fourth industrial revolution, targeting unemployed youth, graduates, and entrepreneurs.

Capacity Building/Training

The programme is one of the continuous programmes that is provided by the Unit to businesses. The programme covers various skills like marketing, financial management, digital trainings, etc. By addressing these needs SMME support programs equip businesses with the tools and knowledge the need to grow, compete effectively and contribute to a strong overall economy. The Unit has three (3) Business Support Centres that act as vehicles to support SMEs on the ground. The Centres provide information sharing, capacity building programmes (trainings), referrals, walk-in support, etc.

The graph below depicts the number of trainings that have been provided through business support centres:



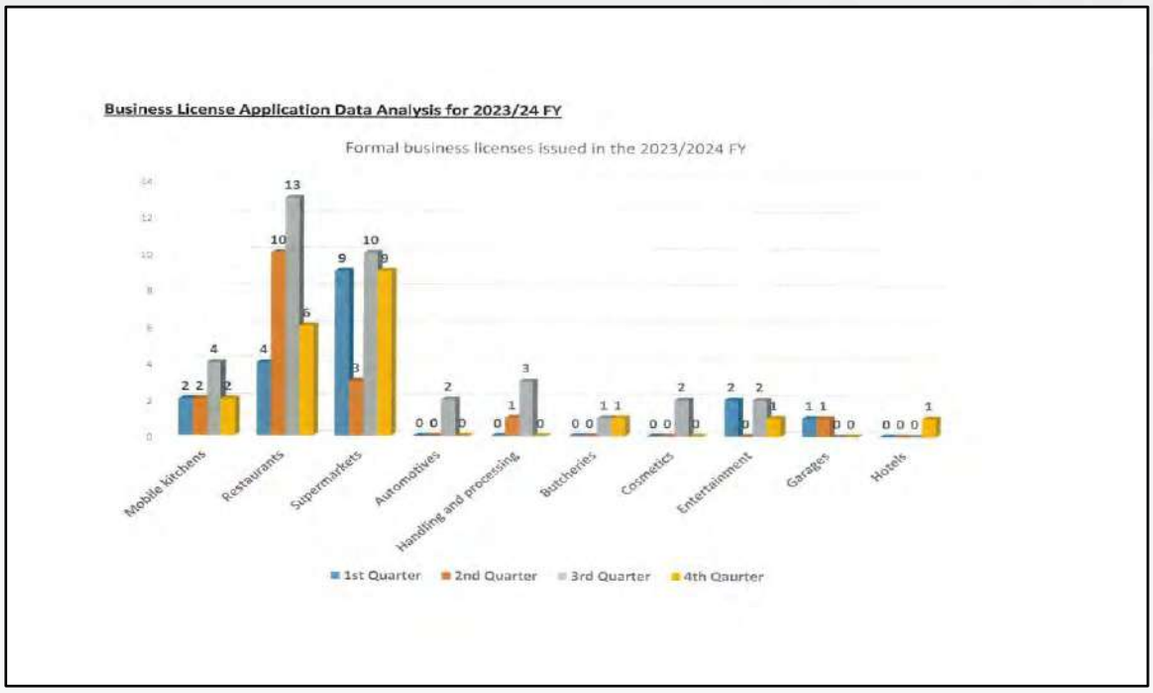
Business License

For businesses to fully comply with law they need to be in possession of all the necessary Business licenses or registrations required before trading in South Africa. As many small business owners soon find out after launching their ventures that business compliance does not end when they register the business with Companies and Intellectual Property Commission (CIPC).

In the country business licence requirements are governed by the National Businesses Act 71 of 1991 and are a requirement for businesses throughout the Country. The Act provides that no person may carry on certain service – related businesses unless they hold a license issued to it by a Council, local authority or a Municipality where the business premises are situated and from which business activity is operated.

The Business Development Unit provides business licensing service to businesses operating within Buffalo City Metropolitan Municipality. The total number of businesses that have been supported amounts to hundred and six (106) and the revenue collected by licenses amounts to **R 207 018.00.**

The graph below depicts the number of business licenses that have been issued to formal businesses:

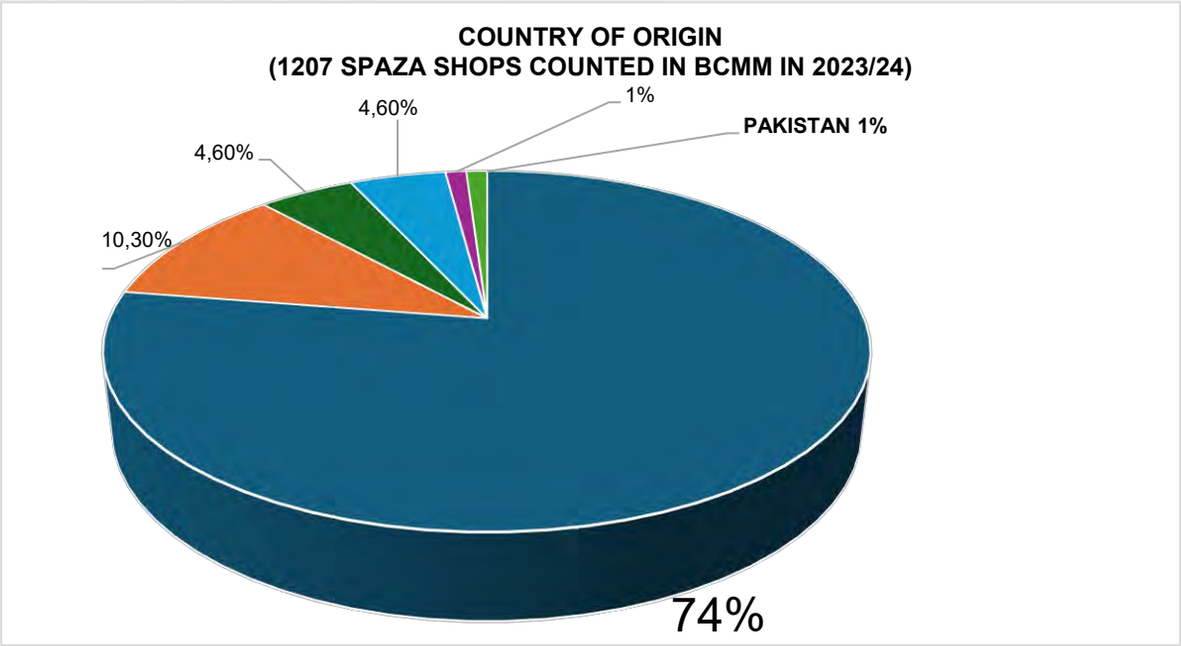


SPAZA SHOPS DATA COLLECTION IN ALL 50 WARDS DURING 2023/24

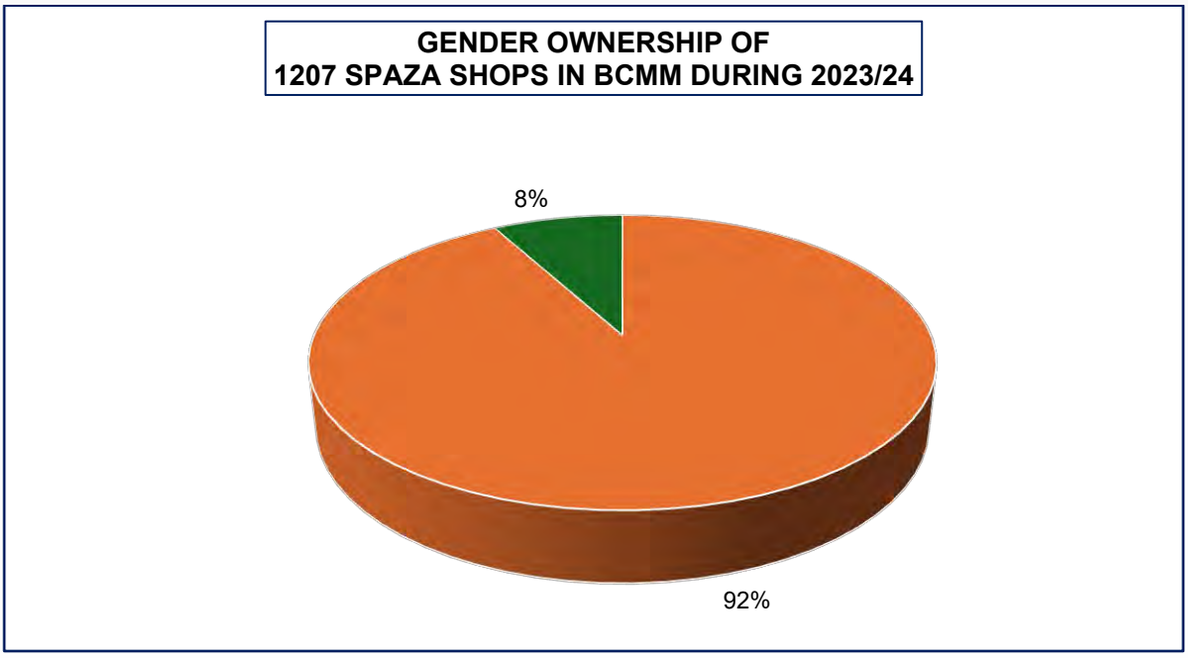
Spaza shops, an under-researched phenomenon in the South African context, continue to expand in various townships and serves as retail outlet where consumers purchase their daily products and services. South African economy with over 200 000 spaza shops has seen a positive contribution in the township economy's growth, spaza shops are seen as being more competitive and versatile versus the bigger retailers. The low-income sectors which include the township market accounts for 65% of all the groceries bought in the country.

SPAZA SHOP OWNERSHIP IN BUFFALO CITY METRO

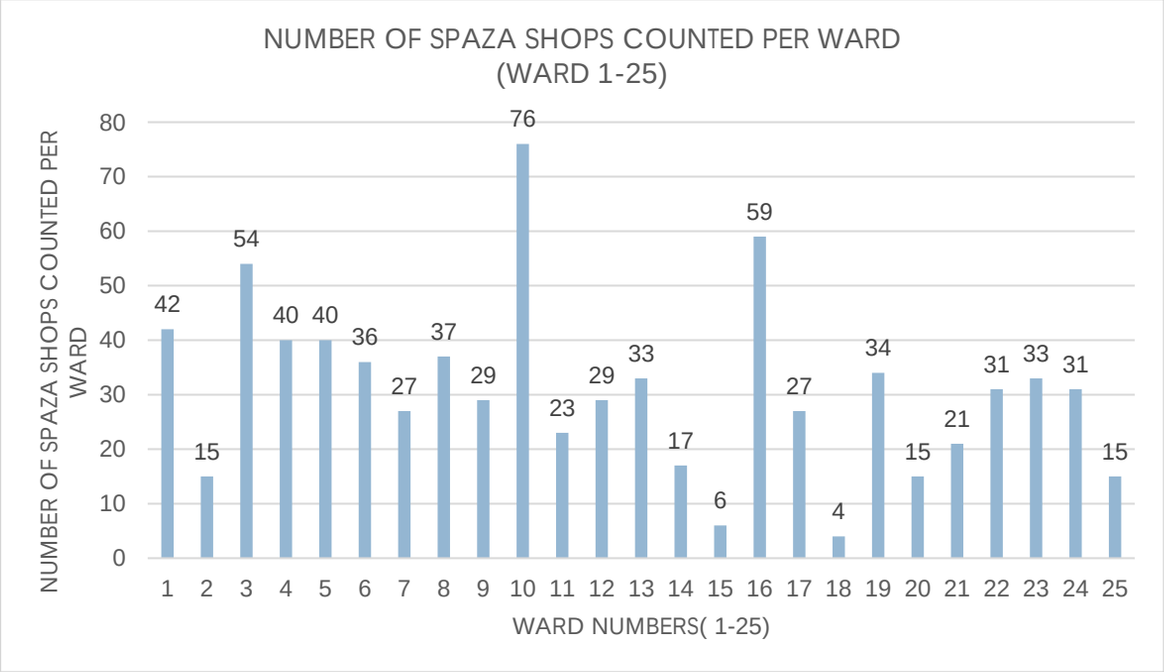
During 2023/24, the Metro undertook some research on Spaza Shops across its 50 Wards. From the analysis drawn from ArcGIS recordings the total number of spaza shops counted totalled to 1207 inclusive of both South Africans and non-south African owners. The report indicated that 74% of spaza shops are owned by foreign nationals and are male dominated by 92% while 10% of spaza shops are owned by south African females with 8% being female owners.

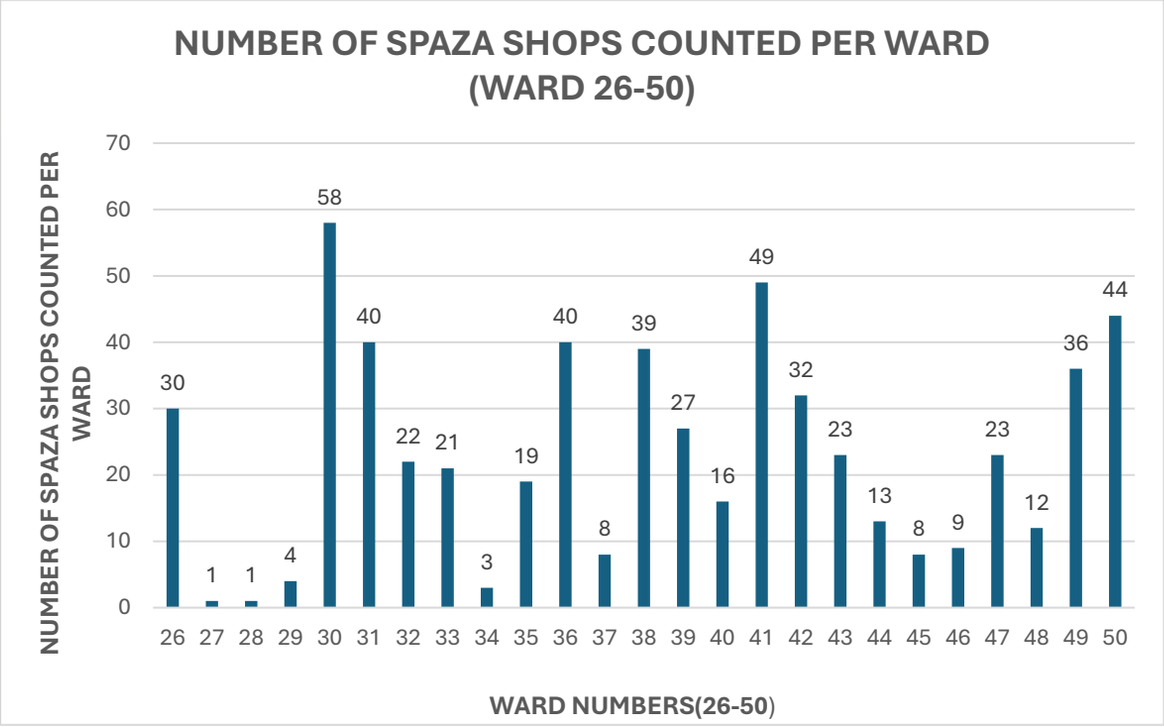


Data collected shows that spaza shop owners are mostly males at 92% ownership followed by the lowest 8% of females. The 8% of the females are South Africans while in the 92% of the males only 3% are South Africans.



SPAZA SHOP FOOTPRINT ACROSS THE METRO





COMPLIANCE ISSUES RELATING TO SPAZA SHOPS IN BCMM

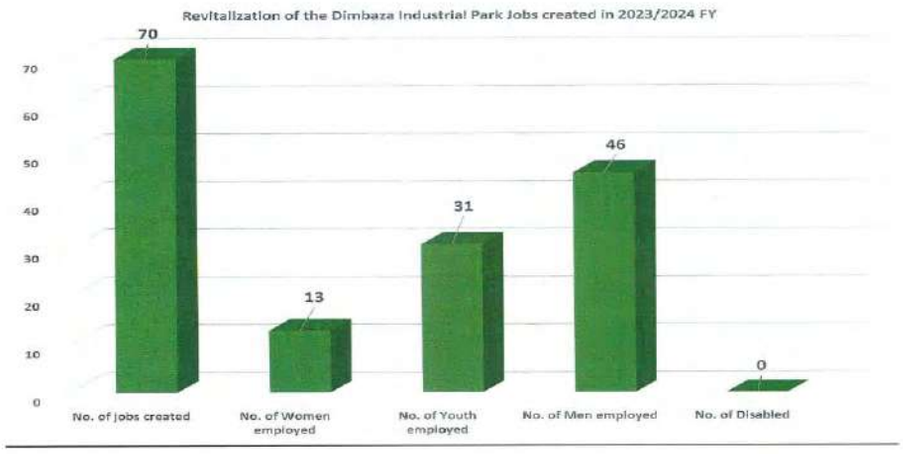
The reports also indicate that most of the spaza shops are not in possession of valid certificate of food acceptability. Only 14% of the spaza shops counted were in possession of certificate of food acceptability while 86% do not have.



TRADE AND INVESTMENT PROMOTION (2023/24)

The Department of Trade Industry and Competition (the DTIC) has recognised the need to revitalise industrial parks located in various parts of the country, including Dimbaza which is within the City. The project is funded by various stakeholders which goes into a kitty to fund various activities in the park. Industrial parks are an important tool for attracting investment and technology, given that some of the key factors that influence investment decisions are the availability of land, infrastructure, quality services and proximity to strategic markets. The core focus areas are on economic growth, social, and environmental benefit in support of the national priorities to address poverty, employment, inequality, and growth.

Revitalization of Industrial Parks leads to building capacity of state-led industrial parks in the country towards the articulation of green economy. The programme will further improve the environmental, economic, and social performance and competitive advantage of industrial parks, which will contribute to strengthening economic development. The programme fosters the development of resilient economy by supporting the implementation of appropriate framework conditions which will contribute to economic growth, job creation, more equality, and less poverty in the long run. The graph below shows the number of jobs that have been created through the revitalization programme in Dimbaza:



Export Development Programme

The Buffalo City Metropolitan Municipality Export Helpdesk is a joint initiative of Buffalo City Metropolitan Municipality and Eastern Cape Development Corporation (ECDC). The programme is committed to the creation of a vibrant export culture, provision of trade information services and advice, and assisting companies to overcome international market access barriers for the growth profitability, and survival of SMMEs. The program is aligned with the Integrated National Export Development Strategy which outlines that to develop exports the following should be considered properly:

Develop	Develop new Exporters
Retain	Retain Existing Exporters
Attract	Attract New Exporter

Trade Missions

The Export Help Desk facilitated the participation of Buffalo City companies at the following trade missions. The purpose of exposing companies to these missions is for them to explored potential international market opportunities that could help create networks of buyers.

Table below depicts some of the missions attended and its benefits:

Date of the mission	Name of the mission	Benefits	No. of companies from BCMM that attended
27 – 30 October 23	Africa Fashion Week – United Kingdom	Gaining insight into fashion trends as well as expose companies to the new markets	2
9 – 15 November 23	Intra Africa Trade Fair 2021 (IATF)	The trade show afforded companies an opportunity to share trade investment opportunities, market information, trade finance opportunities and trade facilitation solutions to support Intra African trade and economic integration of the continent	8
8-10 May 2024	MacFRUT, Rimini Italy:	The tradeshow fair is for the agri-food sector, medicinal herbs, and aromatic herbs. The event is the only supply chain fair in Italy for professionals in the agriculture sector. The 3-day expo served as a specialized meeting point for producers, experts, and researchers operating in the field that has become strategically important for development of modern fresh produce. Conferences, technical seminars and workshops provided in-depth discussions and updates on topics such as certification, patent protection, varietal clubs, and new breeding technologies.	2
23-25 June 2024 (preceded by a Pre-trade Show Retail Tour on 20-21 June)	Summer Fancy Food Show (New York)	A retail tour took place on June 20 intending to expose the companies to US wholesalers and supermarkets. The market intelligence workshop held on 21 June provided market intelligence and insights about the United States Market. The 3-day event was massive attracting 1800 exhibitors and over 40 000 visitors from all over the world. There were 69 countries in attendance making the show a must-attend platform for everyone doing business in the food and beverage sectors.	2

EXPORTER DEVELOPMENT PROGRAMME

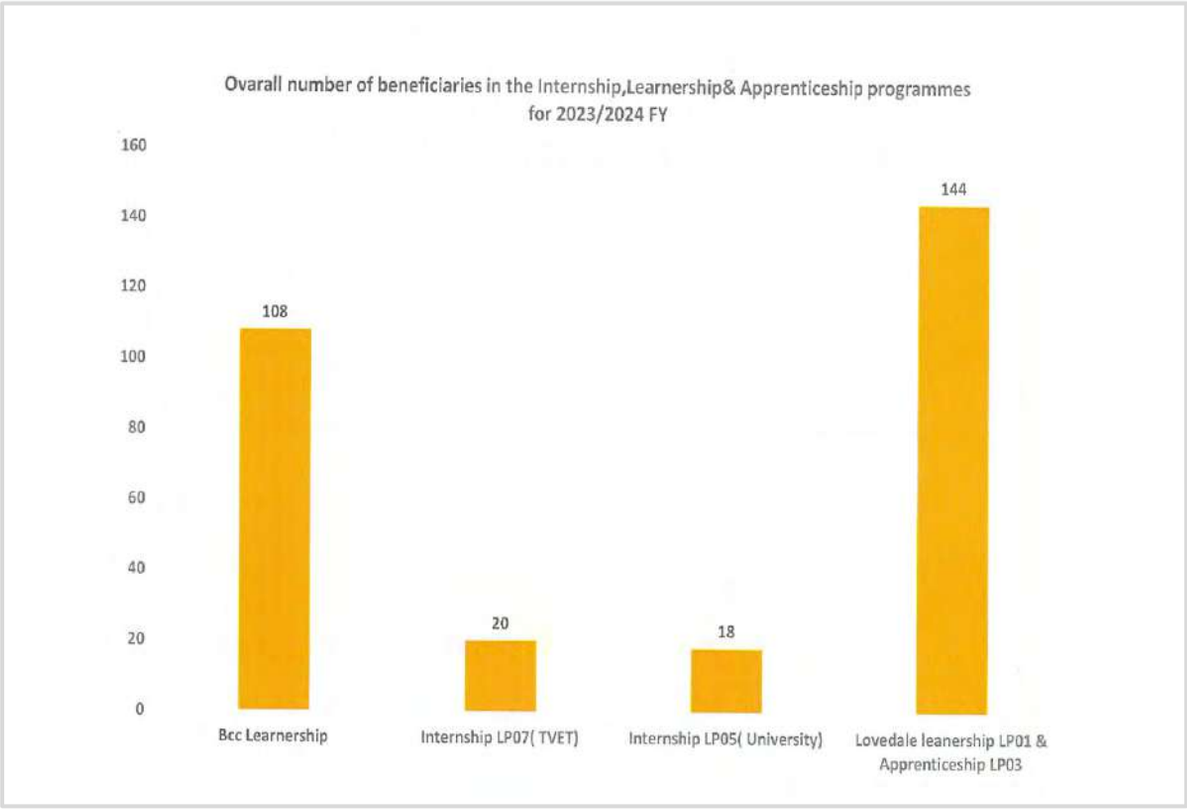
The exporter development programme focuses on training provision to companies in order to make them ready for exporting. The training is being done in collaboration with the Eastern Cape Development Corporation and the Nelson Mandela Bay Business Chamber. The Exporter Development Program is aimed at assisting SMEs to prepare for international markets through pitching platforms provided in the country, the development of digital content for export purposes, and participation in the export promotion program through trade exhibitions. The induction of the companies took place on the 22 November at Gqeberha.

The training covered various topics such as preparing for exports, understanding the export environment, finding markets, determining the international marketing mix for specific markets, identifying potential buyers, market intelligence, incoterms, export documentation, and other related information. Five companies attended the training

Industry Critical Skills

The Economic Development and agencies have amongst its responsibilities a mandate to promote economic development through programmes such as learnerships, internships and apprenticeship to accelerate training and development of young learners with critical skills required by the industry. These programmes are a cornerstone of job creation and empowerment for communities.

Therefore, the Buffalo City Metropolitan Municipality under the Directorate of Economic Development and Agencies has entered into a partnership agreement with Services Seta. Furthermore, BCMM entered into agreements with Buffalo City and Lovedale TVET Colleges respectively on the purpose of fulfilling this role.



Digital Skills Interventions

Inzalo Enterprise Management Systems (Pty) Ltd collaborated with Buffalo City Metro in rolling out a Further Education and Training Certificate on Information Technology Systems Development NQF Level 4 with 173 and 18 young people were deemed competent out of 30. Furthermore, additional learners were enrolled in a Further Education and Training Certificate on Information Technology Systems Support on NQF Level 5 with 149 credits and 19 out of 20 were declared competent.

T3.11.1.

Economic activity by sector.

The Buffalo City Metropolitan Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its *value added* produced in the local economy.

Economic Activity by Sector			
R '000			
Sector	2021/2022	2022/2023	2023/2024
Agric, forestry and fishing	1.5	1.5	1.6
Mining and quarrying	5	2	2.1
Manufacturing	58	63	67.4
Wholesale and retail trade	51	52	55.6
Finance, property, etc.	48	52	55.6
Govt, community and social services	25	25	26.8
Infrastructure services	38	41	43.9
Total	226.5	236.5	253.1
			T 3.11.2

T3. 11.2.

Economic employment by sector.

Economic Employment by Sector			
			Jobs
Sector	2021/2022	2022/2023	2023/2024
	No.	No.	No.
Agric, forestry and fishing	30,000	89,000	95,230
Mining and quarrying	372,000	435,000	465,450
Manufacturing	270,000	167,000	178,690
Wholesale and retail trade	210,000	309,000	330,630
Finance, property, etc.	235,000	146,000	156,220
Govt, community and social services	320,000	373,000	399,110
Infrastructure services	450,000	295,000	315,650
Total	1887000	1814000	1,814,000
			T 3.11.3

T3.11.3

Comment on local job opportunities.

At the national level, employment stood at 16,7m at the end of the fourth quarter of 2023 which exceeded the pre-Covid level of 16,4m. This signalled some level of recovery, although at a very slow pace.

At the Buffalo City Metro level, unemployment increased moderately by 1,2% to 33,1% by the end of the 4th Quarter of 2023 and subsequently to 35% by the first quarter of 2024. This is below the provincial unemployment rate which increased from 41,9% to 42,4% during the same period.

Government and community services as well as the wholesale and retail services remained resilient. The construction sector showed an upward trend after a long time of being under pressure due to the shrinking public purse. A number of catalytic infrastructure projects driven by State-owned companies such as SANRAL at the Breidbach inter-change, Buffalo Bridge and Qonce-N6 link roads had a major contribution. Furthermore, Transnet also had some infrastructure upgrades at the Port of East London. Some of their

dilapidated buildings were upgraded, making way for local SMMEs to operate. A lot more investment is still required but the positive first steps have improved business confidence.

Some of the public employment opportunities contributed a lot in boosting the local economy. These were mainly towards city beautification and greening, food gardens, water and sanitation.

The Eastern Cape went into a technical recession as the Gross Domestic Product fell for three consecutive quarters. This, however, will be reversed by the halting of load-shedding which has brought about a welcome relief to both small and large businesses. Another positive factor could be the much-anticipated interest rate cut.

The poor performance of the manufacturing sector in Buffalo City Metro is of concern as this could have major spin-offs and other value chain benefits. Additional support and stimulus is required to stimulate industrial activities in Buffalo City Metro by supporting existing industries, attracting new ones and supporting innovation from the institutions of higher learning to assist to convert ideas into businesses.

The automotive industry in Buffalo City is also under pressure, affecting its wide and long existing value chain. This in turn, has put jobs of over 700 employees at risk. This could be exacerbated if the demand continued to weaken.

Buffalo City Metro has received a capital investment amounting to R109 million from Imperium Developments and a further amount for the construction of a Makro outlet, Bushveld Electrolyte Company's R330m at the East London IDZ.

Although the labour market had not yet shown massive increases, by the end of June 2024 the investment climate looked upbeat from the peaceful national and elections in May and the formation of Government of National Unity (GNU) which were accompanied by positive global investor sentiments.

The labour market is also hamstrung by the mismatch between skills and emerging job opportunities. These are more prominent in the engineering, information technology (IT), healthcare and finance fields. The IT sector, for instance, has a deficit in software developers, data analytics, cybersecurity, etc. The public sector is also battling with climate change specialists, geologists, hydrologists, minerologists, oceanographer, zoologists, food and beverage scientists, architects, data scientist, network analysts, veterinary services, etc.

In the third and fourth quarters of 2023/24, Buffalo City and Services SETA commenced with the implementation of learnerships, internships and apprenticeship programme. Furthermore, Buffalo City also approved another three-year partnership with the Wholesale and Retail SETA, whose implementation will commence in 2024/25.

T3. 11.4.

Jobs created during 2023/24 by LED Initiatives (Excluding EPWP projected)

Jobs Created during 2023/2024 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2	741	N/A		List of names with ID numbers
2022/2023	753	N/A		List of names with ID numbers
2023/2024	857	N/A		List of names with ID numbers
Initiative A (2023/2024)		N/A		Public Employment Programme (Food Security)
Initiative B (2023/2024)		N/A		Skills Development Programme through (Learnership, Apprenticeship and internships)
Initiative C (2023/2024)		N/A		Jobs created through Events
				T 3.11.5

Jobs created through EPWP projected

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2021/2022	22	4325
2022/2023	28	6250
2023/2024	27	3927
		T 3.11.6

Local economic development policy objectives taken from the IDP

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
Average time taken to finalize business license applications	15 working days	15 working days	6.46 Working days	15 working days	14 working days	5.7 working days	12 working days	12 working days	12 working days
Average time to formalize trading permits	14 working days	No target	No target	New Target	14 Working days	6.3 working days	12 working days		12 working days
Number of direct and indirect jobs created through Economic Development Projects, initiatives and partnerships	741	600	741		600	738	700		700
Number of interventions to support SMMEs and CO-Operatives	Training, 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.	4 (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 Capacity Building, Access to Markets, SMME Roadshows, Procurement of Equipment, Incubation programme	5 Capacity Building, Access to Markets, SMME Roadshows, Procurement of Equipment, Incubation programme	4 (Provision of machinery and equipment, SMME Roadshows, Capacity building programme, Incubation programme		
Number of interventions supported to retain existing investors and promote attraction to new investment into Buffalo City	Invest Buffalo City, Dimbaza Industrial Area, Scoping study for industrial area, Revitalization of Industrial Park	(3 i) Revitalization of Industrial Park (Dimbaza), Development of Concept document for Wilsonia Industrial Park and Invest Buffalo City	(3 i) Revitalization of Industrial Park (Dimbaza), Development of Concept document for Wilsonia Industrial Park & Invest Buffalo City	3 Revitalization of Industrial Park Dimbaza, Invest Buffalo City, Scoping study for Wilsonia industrial are	2 Revitalization of Industrial Park, Invest Buffalo City	Revitalization of industrial park Dimbaza, Invest Buffalo City, Support other industrial park initiatives	Revitalization of industrial park Dimbaza, Invest Buffalo City, Support other industrial park initiatives		
Number of infrastructure projects for informal traders implemented	Informal Trader (Hawker Stalls)	3 (Duncan Village, Ndevana, Ilitha Hawker Stalls)	3 (Duncan Village, Ndevana and Ilitha Hawker Stalls)	2 Ward 9, Mzamomhle and Fort Jackson	NU 16 Hawkerr Stalls,Ward 6, Duncan Village	0	NU 16 Hawkerr Stalls,Ward 6, Fort		

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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)
					and Ward 13 Reeston		Jackson, Ward 1 and Ward 13		
Number of Arts, Culture and Heritage projects implemented	Creative industries support projects / programmes	8 (Appointment of service providers for the construction of Mdantsane Art Centre Extension and Upgrading phase 1, 4 x Quarterly Artist Support programme, Building of Memorial Stone x2 (Vuyisile Lawrence Tutu, Happy Boy Mgxaji Memorial stone), Fencing of heritage site (Multi-Cultural Man)	6 Artist Support Programme (X3) Happy Boy Mgxaji Memorial Stone, Fencing of Multi-Cultural Man Heritage Site Vuyisile Lawrence Tutu Memorial Stone	4 (Quarterly destination marketing programmes, 1 x quarterly tourism awareness and capacity building programmes, 1 x quarterly tourism SMMEs support programmes and 1 x quarterly tourism events programmes)	4 (Quarterly destination marketing programmes, 1 x quarterly tourism awareness and capacity building programmes, 1 x quarterly tourism SMMEs support programmes and 1 x quarterly tourism events programmes)	(5) (4) Quarterly Creative industries support Programmes/Projects (1 per quarter), -(1) Extension and Upgrading of Mdantsane Arts Centre (Phase 1)	(4 x creative industry quarterly reports i.e. one quarterly report per quarter and 1 x deviation certificate for Upgrading and Extension of Mdantsane Art Centre.		
Number of Agricultural Farmer Support programmes implemented	Farmer Support Programmes/ projects	7 Cropping Programme, Food security, Hydroponics programme, Piggery and Poultry Structure, Fencing of arable land, Agri-Village, Urban Food systems.	6 Fencing of Arable land, Urban Food Gardeds systems (PEP) , Piggery and Poultry Structure, Agri Village, Cropping Programme	6 Fencing of Arable land, Urban Food Gardeds systems (PEP) , Piggery and Poultry Structure, Agri Village, Cropping Programme	(7) (1) Food Security, (2) Hydroponics programme, (3) Fencing of Arable Land, (4) Piggery and poultry structure, (5) Livestock improvement equipment, (6) Agri-village, (7) Urban Agriculture	(7) (1) Food Security, (2) Hydroponics programme, (3) Fencing of Arable Land, (4) Piggery and poultry structure, (5) Livestock improvement equipment, (6) Agri-village, (7) Urban Agriculture	(6) (1) Food Security, (2) Hydroponics programme, (3) Fencing of Arable Land, , (4) Agri-village, (5) Food gardens - Public Employment Programme),(6) Dipping Tank		
Number of initiatives (programmes) implemented to develop, market and	Tourism Projects/ Programmes	13 Quarterly destination marketing	13 Quarterly destination marketing	4 (Quarterly destination marketing	4 (Quarterly destination marketing	4 (Quarterly destination marketing	4 x Quarterly destination marketing		

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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)
promote Buffalo City as a tourist destination of choice		programme x4, Quarterly Tourism events programme4x , Quarterly Tourism SMME Support Programmex1, Quarterly Tourism Awareness programmex4	programme x4 , Quarterly Tourism events programme4x , Quarterly Tourism SMME Support Programmex1, Quarterly Tourism Awareness programmex4	programmes, 1 x quarterly tourism awareness and capacity building programmes, 1 x quarterly tourism SMMEs support programmes and 1 x quarterly tourism events programmes)	programmes, 1 x quarterly tourism awareness and capacity building programmes, 1 x quarterly tourism SMMEs support programmes and 1 x quarterly tourism events programmes)	programmes, 1 x quarterly tourism awareness and capacity building programmes, 1 x quarterly tourism SMMEs support programmes and 1 x quarterly tourism events programmes)	programmes, 4 x quarterly tourism awareness and capacity building programmes, 2 x quarterly tourism recovery support programmes and 4 x quarterly tourism events programmes)		
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 incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.11.7

Employees at Local Economic Development Services.

Employees: Local Economic Development Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	15	14	14	0	0%
4 - 6	16	17	17	0	0%
7 - 9	12	13	13	0	0%
10 - 12	22	21	20	1	5%
13 - 15	2	2	2	0	0%
16 - 18	4	6	5	1	17%
19 - 20	3	2	2	0	0%
Total	74	75	73	2	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 3.11.8

Financial Performance for FINANCIAL YEAR 2023/2024: Local Economic Development Services.

Financial Performance 2023/2024: Local Economic Development Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	32,078	40,421	40,632	34,950	-16%
Expenditure:					
Employees	45,025	50,982	48,322	48,256	-6%
Repairs and Maintenance	1,491	1,634	1,127	1,252	-31%
Other	104,688	100,113	117,088	218,088	54%
Total Operational Expenditure	151,203	152,729	166,537	267,595	43%
Net Operational Expenditure	119,126	112,308	125,906	232,645	52%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.11.9

Capital expenditure for Financial Year 2023/2024: Economic Development Services.

Capital Expenditure 2023/2024: Economic Development Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	59,600	29,734	23,514	-153%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	214	149	-237%	149
UPGRADING OF BUILDINGS	1,000	–	–	0%	4,593
UPGRADING OF MARKET HALL	8,000	5,234	5,165	-55%	16,843
UPGRADING OF COLD ROOMS	–	180	180	100%	696
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	5,000	7,641	7,479	33%	26,762
KIWANE RESORT MAINTENANCE & UPGRADE	500	500	446	-12%	1,353
KIWANE RESORT PLANT AND EQUIPMENT	500	1,434	1,434	65%	2,867
TOURISM HUB	700	100	–	0%	11,118
INSTALLATION OF RECREATIONAL FACILITIES	1,000	–	–	0%	980
FILM STUDIO DEVELOPMENT	1,300	–	–	0%	1,000
EXTENSION OF MDANTSANE ART CENTRE	1,000	1,000	–	0%	649
ART CENTRE	1,800	1,800	–	0%	876
MDANTSANE ART CENTRE	5,000	–	–	0%	649

Capital Expenditure 2023/2024: Economic Development Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
REVITALISATION OF INDUSTRIAL AREAS	2,500	–	–	0%	17,384
FORT JACKSON JUNCTION HUB	5,000	601	601	-731%	1,203
SMME INCUBATOR: SEKUNJALO TRAINING CENTRE	3,000	–	–	0%	–
SMME INCUBATOR	500	500	–	0%	1,139
INFORMAL TRADE INFRASTRUCTURE (Hawker Stalls)	8,000	2,717	2,717	-194%	9,514
HYDROPONICS AND PACKHOUSE PROJECT	4,300	386	–	0%	18,182
AGRI-VILLAGE	10,000	3,579	3,644	-174%	13,738
ART CENTRE	–	1,000	–	0%	876
FILM STUDIO DEVELOPMENT	–	200	–	0%	1,000
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	–	869	869	100%	20,152
TOURISM HUB	–	348	–	0%	11,118
SMME INCUBATION HUB	–	1,430	830	100%	1,659
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

From an operating budget point of view, the Directorate had a major breakthrough in that the much-anticipated skills programme which involved learnerships, internships and apprenticeship in partnership with the Services Sector Education and Training Authority (SETA) finally took off. In implementing the programme, the city partnered with both Lovedale and Buffalo City TVET Colleges in line with their accreditation credentials. Both the learnership and internship programmes have a twelve-month duration which overlaps into 2024/25 whereas the apprenticeship will run over a twenty-four-month period.

Furthermore, the Metro also collaborated with Inzalo Enterprise Management Systems (Pty) Ltd in rolling out a Further Education and Training Certificate on Information Technology Systems Development. More digital skills programmes are planned for 2024/25 including cybersecurity, digital marketing, etc. these kinds of interventions are bridging the skills gap and targeting those that are neither in employment, education or training (NEET).

Another programme that gained traction on the operating projects fir 2023/24 is the Food Gardens Public Employment Programme (PEP) funded through the Neighbourhood Development Partnership Grand (NDPG). This programme presented a huge opportunity for rural and urban communities involved in food gardening by providing a structured training and skills transfer, provision of seedlings, equipment and empowerment programme over a six-month period whilst earning a stipend as well. Close to three hundred were engaged on the programme and the Directorate facilitated access to markets for them with retail stores and the Fresh Produce Market. In 2024/25, over 400 participants will be engaged in the Food Gardens Public Employment Programme and more Wards will take part.

The Directorate also facilitated and coordinated events across the city to leverage brand equity for the Metro, ranging from sports, music or entertainment or meetings, incentives, conferences and exhibitions (MICE).

Part of the 2023/24 operating budget was utilized towards the development and support of emerging exporters. An Annual Export Symposium was hosted in East London and several countries participated. Several local companies were also afforded an opportunity to showcase their goods and services at various international trade shows.

With regards to capital projects, the Directorate hit a major snag due to the delayed appointment of a contractor for the expansion and upgrading of the Mdantsane Art Centre, which had a significant budget attached to it. It is now envisaged that this project will be implemented during 2025/26 and 2026/27 financial years due to the procurement process having to be re-started.

Another project that is long awaited is the infrastructure for the eatery at Fort Jackson Junction which will accommodate the women preparing and selling local cuisine. Only fencing could be done due to a major road upgrading and construction of a traffic circle on the same spot. Both projects will have a significant impact in the Mdantsane Township economy once completed and complemented with other programmes.

With regards to the Upgrading of the Market Hall project, 36 extractions fans were installed, upgrading of the banana ripening room and water drainage system. In 2024/25 the focus will be on the packhouse for wholesale clients, prefabs for stock control, electricity upgrades and parking bay. In the 2025/26 the focus will be establishing a dry goods section within the Food Hub to diversify offerings and increase revenue.

The Improvement of the Access Road and Road Signage project in Kiwane is implemented on a phased approach. The remaining 2,4km will be prioritized for completion in 2024/25 and 2025/26 to ensure the resort is competitive and easily accessible.

T3. 11.11

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

Introduction to community and social services

The Directorate of Sports, Recreation and Community Development is made up of three (3) Departments namely, Department of Parks, Cemeteries and Crematorium; Department of Community Development; and the Department of Sport Development, Facilities and Recreation. Department of Community Development is responsible for the Management of Library Services, Community Halls, East London Zoo and East London Aquarium. Department of Sport Development, Facilities and Recreation is responsible for the Management of Sport Development Programmes, Sport Facilities, Swimming Pools, Heritage Sites and Heritage Programmes, Resorts and Caravan Parks.

T3.52.

3.12. LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHERS, (THEATRES & ZOO'S).

Introduction to libraries, archives, museums, galleries, community facilities

This unit is mandated to provide Library and Information Services that are free, equitable, readily available, and accessible to the community of Buffalo City. The aim is to give community access to skill and knowledge through our library services.

The services include:

- Circulation of media such as books, CDs and DVDs
- Issue and Return of Library Books
- Reference Service
- Inter-library loan
- Computer and Internet (including WIFI) service, auxiliary services Newspapers and Magazines
- Circulation of documents for public notice and perusal (IDP, Budgets, land, Bursaries, vacancies, etc.)

Libraries
Buffalo City Council manages 19 libraries, 2 Mobile Libraries, 3 Prison Depots and 3 Old Age Home Depots, with 98 587 subscribers on behalf of the Provincial Government. The latter only subsidized Council's Libraries operating budget of R47 068 552 by R15 870,00 in the 2023/2024 financial year.

Libraries provide a service to all BCMM communities, especially to improve the lives of information-deprived communities who currently lack adequate access to information and books. The libraries stock fiction and non-fiction such as reference, study, biography, travel, hobby guides, personal financial guidance, business management, recipes, etc. and serve the adult, children and teen population. This includes pre-primary, primary and high school students who are from the surrounding areas of the libraries as well as tertiary students, working adults, unemployed adults and youth, and the aged.

The libraries are used vastly by the unemployed and jobseekers. They are assisted by subscriptions to certain newspapers which carry employment advertisements. Many of the users are illiterate or semi-literate, and part of the service rendered is to give assistance to those completing the necessary documentation. All have access to certain newspapers which carry employment advertisements and up to date information on local and international current events. Membership (NOT subscription) entitles cardholders to take certain library material home on loan. The subscriptions are those paid for by the libraries to obtain the newspapers.

Libraries promote and provide Early Childhood Development programmes as well as the Joyful Reading initiative where children from very young are encouraged in their love of books and reading. Programmes are held for caregivers in the importance of play in children's lives.

Outreach events are held on a regular basis. Events such as National Library Week, National Book Week & World Play Day, some in partnership with Department of Sport, Art & Recreation (DSRAC), are celebrated & seek to promote and encourage the usage and love of libraries, and the importance of libraries to all members of all communities.

Libraries in Buffalo City must serve many diverse functions and needs, and not only to simply be a venue for reading and lending of books, but also to focus on grass-roots education, empowerment and economic development, creating hubs for life-changing, community-based activities and programs.

They should also focus on both the local practice and the grass-roots experience of making a community library a viable place to attain positive transformation, and of expanding the scope of what the library offers to meet the changing needs and priorities of its community.

Mini-Libraries (Mini-Libs) for the blind which have been established at Central and Gompo Libraries through collaboration between the Eastern Cape Office of the Premier DSRAC, BCMM and the South African Library for the Blind, continue to provide services to blind citizens of Buffalo City.

The South African Library for the Blind renders a library and information service to blind and visually impaired people through the production of accessible South African reading material in the development of a comprehensive library collection and rendering of advisory services to promote access to information.

Highlights

- The purchase of Library material for all libraries in Buffalo City Metropolitan Municipality – approximately **800** new books were purchased covering most genres from non-fiction, fiction, African literature, political books, etc.
- Book donations were received in the approximate value of **R100 000,00** from Van Schaik and private donors.
- Buffalo City Metropolitan Municipality was awarded the status of UNESCO City of Literature. This was a boost for the prestige and image of our libraries.
- Buffalo City libraries hosted various cultural events such as a chess tournament at Gompo Library, and book launches at various libraries.

Challenges have been recorded in respect of the following:

a) An insufficient/underfunded library subsidy received from the Provincial Department towards the running costs of all libraries in Buffalo City Metro, as well as the extension of library services into much needed areas like Rural Areas
b) Insufficient funding has led to a reduction in periodical subscriptions. The library no longer offers magazines, and the Daily Dispatch and Sunday Times are the only newspapers received. Patrons now no longer have access to the Jobmail, City Press and Mail & Guardian. This has compromised our services to those most needing them.
c) The Provincial Department of Sports, Recreation, Arts & Culture (DSRAC) uncapped Wi-Fi provision is still in process due to some parts of the set-up to still be completed.
d) Libraries have been targeted by criminals over this last year. Mdantsane NU2, Parkside, Gonubie and Central libraries are some of the branches which suffered vandalism and break-ins. Parkside and Gonubie have been targeted more than once. As a result, libraries have lost equipment including PCs. The insurance process takes time, and the resulting pay-outs are insufficient to purchase equivalent new equipment.
e) Revenue from paid library subscriptions (as opposed to free membership) has remained low. This is because only non-residents who do not own and pay rates on property in BCMM must pay for membership. As the local authority has grown from East London to the vast area of Buffalo City Metro, so more people have become residents and/or ratepayers in the metropolitan area, and thus are no longer required to pay for library services.
f) Crucial posts remain unfilled due to the current Moratorium on Posts. This is approaching crisis stage

Solutions/Remedial Action

a) To engage with the Department of Sports, Recreation, Arts & Culture on the possibility of additional funds being allocated from their budget, as well as to provide DSRAC with statistics from libraries to prove where services are being extended.
b) Engage with DSRAC on the possibility of additional funds being allocated to the budget, as well as continuing to supply DSRAC with library statistics as proof of extended services.
c) Engage with DSRAC and Buffalo City Metro ICT division to resolve this matter.
d) A container cottage at Parkside for a live-in security guard has been delivered. Encourage engagement between community libraries and their community policing forums to engender a feeling of true ownership in the relevant communities. Review security on all libraries. Some libraries were fenced.
e) This, as with a), will be dealt with through engagement with DSRAC.
f) Advertising & permanent filling of all vacant library posts.

Community Facilities

Buffalo City Metropolitan Municipality manages 29 tariff-levying halls. These facilities are the erstwhile East London and King William's Town Transitional Local Council Halls and have been subsequently divided into Inland, Midlands and Coastal Areas. These Halls have an operating budget and staff.

Buffalo City Metropolitan Municipality has also inherited 53 non-tariff levying halls from the Amathole District Municipality. The Buffalo City Metropolitan Municipality Land Administration Division is currently facilitating the transfer of ownership of the various ex-Amathole District Municipality Halls to Buffalo City.

Buffalo City Metropolitan Municipality does not administer the use of the halls inherited from the Amathole District Municipality and levies no tariff/s for these halls and they have no operating budget and no staff. Many of the Community halls are in need of upgrade and refurbishment which is estimated to exceed R130 million in value.

Community halls and facilities provide a wide range of community-based education, cultural, recreational, health, social and leisure activity opportunities in conjunction with limited commercial opportunities in venues that positively contribute to the local environment.

The community halls and facilities are used by a variety of community groups, organizations, commercial hirers, individuals as well as Buffalo City Metropolitan Municipality Councillors.

The landscape areas around Community Halls and Facilities complement the built environment and contribute to their usability and worth to the community.

SERVICE DELIVERY PRIORITIES

1) To construct new Community halls to meet the needs off the communities within Buffalo City Metropolitan Municipality as requested through the IDP and on availability of funding. One community hall has successfully been constructed and handed over to the community and two more are in the process of being developed, **NU 3 Mdantsane and Egesini Halls. It is anticipated that the construction of these facilities will be completed in 2025/2026 financial year.**

2) To maintain existing community halls within BCMM to provide a basic level of functionality and service to the communities. Maintenance is carried out at the 29 tariff levying halls only, as required and within the limited budget, to ensure that the facilities are operational and meet the needs of the communities.

3) To upgrade and refurbish existing community halls and facilities as required and as set out in the IDP. This is dependent on the availability of budget. BCMM envisages to upgrade at least 5 community halls on a yearly basis.

In cases where there is poor performance, this is due to the shortfall of budget to keep up with the extensive maintenance, upgrade and refurbishment that is required to be carried out on the halls and community facilities. The lack of armed response security systems and guards at the facilities also contributes to the continuous vandalism which increases the need for additional budget. Measures taken to improve the performance is to request additional budget and to identify the security needs at the facilities.

Buffalo City Metropolitan Municipality under certain conditions and criteria, makes the halls and community facilities available to the communities for temporary housing i.e., burning of dwellings in informal settlements. These are communities that are affected adversely during times of disaster and also free use for public gatherings and funerals.

ZOO AND AQUARIUM

The Marine and Zoological Services comprises of the East London Zoo and East London Aquarium. These Amenities contribute to the upliftment and wellness of the communities by conservation of the environment, the education of the communities about aquatic and wildlife animals; and provides for recreation and leisure programmes for communities.

ZOO

The Zoo provides a guaranteed opportunity for people to observe wild animals at close range and learn about the significance of conservation. The proximity of the Zoo to the centre of town and the relatively low entrance fees as compared to local game parks, makes it accessible to the local community.

AQUARIUM

The Aquarium is a division under Community Development for the Directorate of Sport Recreation and Community Development. This public amenity contributes to the upliftment of the communities by conservation of the environment, the education of the community, and provides for recreation and leisure opportunities for the communities and visitors of Buffalo City. The Aquarium offers a variety of animal species for public display and is one of the oldest Aquariums in the country. The Aquarium allows for a marine based environment essential to communities that form part of, and surround, a coastal city. Over and above providing a public education mandate, the Aquarium is actively involved in managing wild animal aspects along the Metro coastline and all marine spaces within the boundaries of the Metro. Ecological and biological expertise is based at this facility and addresses wildlife and natural heritage issues holistically and can be drawn upon by public, private and inhouse departments.
T3. 12.1.

Service statistics for libraries, archives, museums, galleries, community facilities

Libraries

#	Description	QTY
1	Number of BCMM Libraries	19
2	Total Number of Library Visits	201039
3	Average Number of Library Visits per Library	10581
4	Number of New Members	2957
5	Number of Books Issued	142761

Community Facilities

#	Description	QTY
1	Total Number of Halls Bookings	2210
2	Total Number of Free Usages (includes Council Use)	1583

Zoos.

2023/2024	ADULT	CHILD	SCHOLAR	PENSIONER	TOTAL
TOTAL	6061	3940	2814	270	13 085

Aquarium.

The East London Aquarium is open to public all year round. The Aquarium visitor number for the period July 2023 to June 2024 was a total of 7295. This number is higher than the last two years as the Aquarium is now fully open to public with National Covid 19 restrictions removed:

Visitor Figures 2023/2024	Adults	Children	Scholars	Pensioners	Total	Boat registrations.
Aquarium	4608	2630	1394	594	9181	75

Stranded and rehabilitated marine wildlife along the coastline is managed by the Aquarium and contributes back to the conservation and protection of our natural coastal heritage of the Metro.

MARINE STRANDING	Total Number	Rehabilitated	Non-Releasable	Deceased
African Penguins	0	0	0	0
Seals	6	2	0	4
Sea birds	11	0	3	8

T3. 12.2.

Libraries, archives, museums, galleries, community facilities, other services Policy Objectives taken from the IDP.

Not on the IDP

T3. 12.3.

Employees: libraries, archives, museums, galleries, community facilities

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	94	96	92	4	4%
4 - 6	25	27	22	5	19%
7 - 9	64	70	61	9	13%
10 - 12	24	25	23	2	8%
13 - 15	4	5	3	2	40%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	1	1	1	0	0%
Total	212	224	202	22	10%
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					

Financial Performance: Libraries, archives, museums, galleries, community facilities

Financial Performance 2023/2024: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	19,321	24,321	25,245	19,769	-23%
Expenditure:					
Employees	105,493	125,389	121,457	107,856	-16%
Repairs and Maintenance	11,856	5,482	4,175	5,324	-3%
Other	107,533	35,371	38,504	110,134	68%
Total Operational Expenditure	224,881	166,242	164,136	223,315	26%
Net Operational Expenditure	205,560	141,920	138,890	203,546	30%
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 3.12.5

Capital Expenditure: Libraries, archives, museums, galleries, community facilities

Capital Expenditure 2023/2024: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10,000	10,088	9,952	0%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	494	494	-1%	500
DEVELOPMENT OF C/HALLS & FACILITIES	3,000	4,046	4,046	26%	7,981
DEVELOPMENT UPGRADE AND REFURBISHMENT OF COMMUNITY HALLS	6,500	5,548	5,412	-20%	6,832
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	5,500	5,952	5,717	4%	8,775
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	–	168	168	100%	168
HALLS-TOOLS AND EQUIPMENT	500	247	137	-264%	137
UPGR & REFURB EXIST C/HALLS & FACILITIES	2,000	1,841	1,672	-20%	1,672
NU 3 COMMUNITY HALL	4,000	1,997	1,997	0%	8,119
EGESINI COMMUNITY HALL	4,000	3,998	3,998	0%	8,776
UPGRADING OF ZOO	900	896	896	0%	983
PLANT - ZOO	100	16	16	0%	116
REFURBISMENT OF AQUARIUM	600	582	462	0%	857
PLANT - AQUARIUM	100	97	91	0%	399
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.12.6

Overall comment on libraries, archives, museums, galleries, community facilities

LIBRARIES

The targets and actual performance for the Development, Upgrade and Refurbishment of Libraries for 2023/2024 financial year were as follows:

a) Development, Upgrade & Refurbishment of Libraries – 7 libraries were upgraded & refurbished in 2023/2024. Several libraries were fenced.
b) Computers supplied by DSRAC were installed at some libraries for public usage.

Proposed projects and targets for the 2024/2025 financial year.

a) The South African Library for the Blind updated their system to online, and there are plans to train all affected library staff in this system
b) A space has been set aside in Central Library for use by the UNESCO City of Literature Board.
c) eBook usage will be rolled out to the community who want to access digital books.

COMMUNITY HALLS

Buffalo City Metropolitan Municipality manages 29 tariff-levying halls. These facilities are the erstwhile East London and King William's Town Transitional Local Council Halls and have been subsequently divided into Inland, Midlands and Coastal Areas. These Halls have an operating budget and staff.

Buffalo City Metropolitan Municipaliy has also inherited 53 non-tarrif levying halls from the Amathole District Municipality. The Buffalo City Metropolitan Municipality Land Administration Division is currently facilitating the transfer of ownership of the various ex-Amathole District Municipality Halls to Buffalo City.

Buffalo City Metropolitan Municipality does not administer the use of the halls inherited from the Amathole District Municipality and levies no tariff/s for these halls and they have no operating budget and no staff. Many of the Community halls are in need of upgrade and refurbishment which is estimated to exceed R130 million in value.

Community halls and facilities provide a wide range of community-based education, cultural, recreational, health, social and leisure activity opportunities in conjunction with limited commercial opportunities in venues that positively contribute to the local environment.

The community halls and facilities are used by a variety of community groups, organizations, commercial hirers, individuals as well as Buffalo City Metropolitan Municipality Councillors.

The landscape areas around Community Halls and Facilities complement the built environment and contribute to their usability and worth to the community.

Year 5 targets set out in the IDP schedule can be attained within approved budget provision if there are no unforeseen budget cuts. Targets are set based on the approved budget, hence targets set out in the IDP are envisaged to be achieved within the approved budget for the relative financial year. Should there be any variance, budget adjustments are done through the mid-year budget adjustment process.

The three largest capital projects from budget for capital expenditure for the Development, Upgrade and Refurbishment of Community Halls are as follows:

The Development of Gesini Community Hall	The Development of NU3 Community Hall	The continuation of Upgrading and Refurbishment of Community halls and Facilities	The Upgrade and refurbishment of libraries
The construction of the hall is envisaged to be completed in 2025/2026.	The construction of the hall is envisaged to be completed in 2025/2026	the annual target is to complete at least 5 projects each financial year, pending the availability of budget as set out in the IDP	the annual target is to complete at least 5 projects per financial year, pending the availability of budget as set out in the IDP

In cases where there is poor performance, this is due to the shortfall of budget to keep up with the extensive maintenance, upgrade and refurbishment that is required to be carried out on the halls and community facilities. The lack of armed response security systems and guards at the facilities also contributes to the continuous vandalism which increases the need for additional budget. Measures taken to improve the performance is to request additional budget and to identify the security needs at the facilities.

Buffalo City Metropolitan Municipality under certain conditions and criteria, makes the halls and community facilities available to the communities for temporary housing i.e., burning of dwellings in informal settlements. These are communities that are affected adversely during times of disaster and also free use for public gatherings and funerals.

ZOO

The Zoo completed the refurbishment of the Sungazer, Primate and Iguana enclosures making use of annual contractors after the appointed service provider was unable to complete the work. The value for the completion of the entire project was R1 190 784.96.

An enclosure was upgraded for the Jaguar to the value of R 889 559.75, included the revamping of the night quarters, the construction of a swimming pool as well as wooden platforms.

Various safety upgrades were done to the dangerous animal enclosures including the Lions, Tiger Wolves and Chimpanzees. A perimeter fence that was being continually vandalised was removed and re-installed to secure the tiger and duiker enclosure.

AQUARIUM
The Aquarium completed one of two capital projects during the year.

The completed project included the Refurbishment of the Aquarium Live Animal Exhibit. The project for Plant Aquarium budget was adjusted during the budget adjustment period and funding transferred out.
T3. 12.7.

3.13. CEMETERIES AND CREMATORIUMS.

Introduction to cemeteries & crematoriums

BCMM has 32 formal cemeteries, approximately 247 informal cemeteries spread across BCMM rural areas and 1 crematorium in Coastal Region (Cambridge). Most burial sites are in the rural areas and are either located on the unsuitable or underdeveloped land and all the studies (Environmental Impact Assessments) were not carried. The 32 formal cemeteries were properly established and are legislatively compliant. From the total of 32 cemeteries, 19 are still active (new burial) and 13 remaining cemeteries closed (allowing families with paid up plots only).

Cemeteries and Crematorium section is responsible for Upgrading, Development and Maintenance of Cemeteries and Crematorium. The top 3 service delivery priorities are burial, cremations and exhumations. The support given to communities that are living in poverty is through Pauper burial.
T3. 13.1.

Service statistics for cemeteries & crematoriums

	Details	QTY
	Number of Burials	2560
	Number of Cremations	1059
	Number of Paupers	1013

T3. 13.2.

Cemeteries & crematoriums policy objectives taken from the IDP.

Not on the IDP

T3. 13.3.

Employees: Cemeteries & crematoriums

Employees: Cemetories and Crematoriums					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0%
4 - 6	111	117	110	7	6%
7 - 9	8	10	8	2	20%
10 - 12	1	2	1	1	50%
13 - 15	2	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	126	136	125	11	8%

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

Financial Performance: Cemeteries & crematoriums

Financial Performance 2023/24: Cemetories and Crematoriums					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8,559	15,495	15,495	8,332	-86%
Expenditure:					
Employees	42,181	92,707	48,388	48,388	-92%
Repairs and Maintenance	5,114	2,782	1,677	1,677	-66%
Other	44,870	31,798	36,543	43,878	28%
Total Operational Expenditure	92,165	127,286	86,608	93,944	-35%
Net Operational Expenditure	83,605	111,791	71,113	85,612	-31%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.13.5

Capital Expenditure: Cemeteries & crematoriums

Capital Expenditure 2023/2024: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8,950	7,216	6,985	-28%	
PLANT AND EQUIPMENT (CEMETRIES)	500	510	510	2%	710
COAST CEMETRIES (CAMBRIDGE CREMATORIUM) 2	500	239	177	-183%	1,041
DEVELOPMENT OF CEMETERIES-COASTAL	750	1,011	1,011	26%	3,836
DEVELOPMENT OF CEMETERIES-INLAND	750	471	471	-59%	2,971
DEVELOPMENT OF CEMETERIES-MIDLAND	750	722	553	-36%	2,474
INLAND CEMETRIES (KWT / CLUBVIEW)	500	499	499	0%	1,484
INLAND CEMETRIES (PHAKAMISA)	500	491	491	-2%	1,710
INLAND CEMETRIES (ZWELITSHA)	500	479	479	-4%	1,440
MIDLANDS CEMETRIES (FORT JACKSON)	200	–	–	0%	197
MIDLANDS CEMETRIES (MTSOTSO CEMETERY)	1,000	870	870	-15%	2,442
FENCING OF CEMETERIES	3,000	1,923	1,923	-56%	4,920
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.13.6

Overall comment on Cemeteries & crematoriums

In the 2023/24 an amount of R495 000 for upgrading and development of cemeteries. At the end of the financial year the expenditure was R380 357 for the following activities namely Construction of internal roads at Zwelitsha Cemetery, Fencing of Club view Cemeteries, Construction of internal roads at Fort Jackson Cemetery. Upgrading of Incinerators at Cambridge Crematorium.

T 3.13.7.

3.14 CHILD CARE, AGED CARE, SOCIAL PROGRAMS

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The legislative, financial and accountability of Child Care, Aged Care and Social Programmes (also known as Welfare Services) are not at a Local Government level or competence but are a National and Provincial funded and resourced mandate, and as such their competence as per the Constitution of the Republic of South Africa: 1996 - Schedule 4.

Section 27 (1) (c) of the Constitution notes that all individuals have the right to access appropriate social assistance where they are unable support themselves and their dependants and this guide mandated, legislated and funded social programmes of relief, protection and empowerment provided by the National and Provincial Department of Social Development with specific emphasis on childcare, aged care and social programmes.

Section 28 (1) of the Constitution sets out the rights of children regarding appropriate care including basic nutrition, shelter, health care and social services, whilst the Child Care Act, 1983 makes provision for children's courts and child welfare commissioners to safeguard the welfare and protection of children as well as the establishment of institutions and care facilities for children.

The Department of Social Development registers and funds non-profit, non-governmental as well as state run services and facilities including those which are covered by the Aged Persons Act, 1967 which provides for the protection, welfare, accommodation, and care of aged and debilitated persons.

Notwithstanding that the legislative, financial and accountability of Child Care, Aged Care and Social Programmes (also known as Welfare Services) rendered to individuals and communities are not a Local Government competence, the metro is the sphere of government which is closest to communities and wherein they reside and BCMM acknowledges this and has a number of pro poor initiatives including its indigent policy, rates rebates policy, support to emerging entrepreneurs as well as the annual Grant-In-Aid programme which affords non-governmental organizations within the metro who render programmes related to Child Care, Aged Care and Social Programmes an opportunity to apply for funding which is elaborated on as per T3.14.2 and T3.14.3.

The metro partnered with the Department of Social Development in doing the annual Golden Games for the elderly which seeks to promote healthy aging. The Office of the Executive Mayor approached Standard Bank who donated gardening tools and seedlings a local NGO in Cambridge called Inkcubeko Elderly Group. The programme seeks to keep the elderly health and promote food gardens to support themselves. The metro also partnered with Office of the Premier and Department of Social Development in commemorating the International Older Persons Day which included an Older Person Parliament held at the end of September 2024 focusing on their rights

T 3.14.1

Service statistics for childcare, aged care & social programs

Given that the legislative, financial and accountability of Child Care, Aged Care and Social Programmes (also known as Welfare Services) are not a Local Government competence and does not implement capital projects or have dedicated staff in this regard. The National and Provincial Department of Social Development are mandated, funded and resourced to discharge these functions as per the Constitution of the Republic of South Africa: 1996 - Schedule 4. These departments produce annual financial statements and reports.

The metro acknowledges that citizens live and receive services within local municipalities and the annual Buffalo City Metropolitan Municipality Grant—In-Aid Programme invites non-political and non-profit organizations contributing to community development including Child Care, Aged Care and Social Programmes to apply for operational financial assistance. The programme is administered in terms of Section 67 of the Municipal Finance Management Act and the FY23/24 budget allocation was R2 648 973. A total of 168 organizations benefitted during the period under review and were awarded amounts ranging from R10 871 to R18 877.

T3. 14.2.

Childcare, aged care & social programs policy objectives taken from the IDP.

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year FY 23/24	*Current Year FY 23/24	*Following Year FY 24/25
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective – Well Governed City									
Financial assistance to non-profit and non-governmental Child Care, Aged Care and Social Programmes within BCMM	Annual awarding of Grant-In-Aid funding	R2 572 080	R2572 080	R2 572 080	R2648 973	R2648973	R2 572080	R2648973	R2 649 243
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 incoporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.14.3

T3. 14.3.

Employees: childcare, aged care & social programs

Employees: Child Care; Aged Care; Social Programmes					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	2	2	1	1	50%
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	2	2	1	1	50%

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

Financial Performance: childcare, aged care & social programs

Given that the metro does not have the mandate nor the competence there are no policy or service priority objectives or capital budget for Child Care, Aged and Social Programmes or an organogram for such. T3.14.5.

Capital Expenditure: childcare, aged care & social programs

Given that the metro does not have the mandate nor the competence there are no policy or service priority objectives or capital budget for Child Care, Aged and Social Programmes or an organogram for such. T3.14.6.

Overall comment on childcare, aged care & social programs

As per Schedule 4 of the Constitution of the Republic of South Africa: 1996, the legislative, financial and accountability for Child Care, Aged Care and Social Programmes commonly known as Welfare Services are not a Local Government competence or mandate but are a National and Provincial funded and resourced mandate and competence.

Interest Groups within Ward Committees represent vulnerable groups including a dedicated representative for youth, woman, aged and persons with disabilities and their inclusion, participation and beneficiation within public participation, planning, budgeting and service delivery processes.

The annual Golden Games 2024 was hosted within BCMM and is an initiative of the Department of Social Development and promotes healthy ageing and living.

The metro is committed to its annual Grant—In-Aid Programme and the FY23/24 budget. allocation was R2 648 973 with a total of 168 organizations benefitting.

Environmental Health Officers visit Early Childhood Development Centres as well as Aged Care Centres to assess compliance with heath 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 of Social Development produces an annual financial report in this regard.

The Department of Social Development registers and funds non-profit, non-governmental as well as state run services and facilities including those which are covered by the Aged Persons Act, 1967 and Child Care Act, 1983 which provides for the protection, welfare, accommodation and care of aged and debilitated persons and children respectively.

T3. 14.7.

COMPONENT E: ENVIRONMENTAL PROTECTION

Introduction to Environmental Protection

Section 24 of the Constitution of the Republic of South Africa, 1996 mandates the Municipality to deliver services in a way that protects environmental rights (everyone has the right to an environment which is not harmful to their health or well-being). BCMM performs the Air Emissions Licensing function and enforces the National Environmental Management: Air Quality Act (Act No. 39 of 2004) as well as the Environmental Health By-Laws specific to Air Pollution. Municipal Health Services Department monitors ambient air quality, identifies, and assesses sources of emissions.

Environmental Management functions are underpinned by environmental legislations, guidelines and align its core functions to the principles of the National Environmental Management Act, 107 of 1998 and 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, including norms, standards and policies. These promote the conservation of the coastal environment and maintain the natural attributes of coastal landscapes and seascapes. These prescripts guide development and the use of natural resources within the coastal zone in a manner that is ecologically sustainable, socially and economically justifiable.

The National Environmental Management: Protected Areas Act 57,2003 (NEMPAA) provides for the protection and conservation of ecologically viable areas which are representative of South Africa's biological diversity and its natural landscapes. The Buffalo City Metropolitan Municipality (BCMM) is a very diverse region in terms of fauna and flora together with all its ecological linkages. The City has been impacted by landscape change characterised by habitat destruction, land degradation and illegal land invasions. There are two functional coastal nature reserves located within the Coastal Region, these are Nahoon Point Nature Reserve and Nahoon Estuary Nature Reserve. These reserves promote public access to the protected areas and allow for education & interaction with the natural heritage of BCMM.

T 3.14

3.15. POLLUTION CONTROL.

Introduction to Pollution Control.

Section 24 of the Constitution of the Republic of South Africa, 1996 mandates the Municipality to deliver services in a way that protects environmental rights (everyone has the right to an environment which is not harmful to their health or well-being). BCMM performs the Air Emissions Licensing function and enforces the National Environmental Management: Air Quality Act (Act No. 39 of 2004) as well as the Environmental Health By-Laws specific to Air Pollution. Municipal Health Services Department monitors ambient air quality, identifies, and assesses sources of emissions. The current Air Quality Management Plan that was adopted by Council in 2017/18 provides objectives and sets a course of action to attain air quality management goals. It identifies and addresses significant sources of impact using appropriate solutions to ensure that health effects and environmental impacts are minimized.

The following service delivery priority programmes were implemented in the 2023/2024 financial year:

1) **Maintenance of Air Quality Monitoring Stations** entailed purchase of air quality monitoring devices, maintenance of existing air monitoring appliances and provision of uninterrupted power supply to the three existing air monitoring stations. These stations are as follows:

a) Gompo Air Quality Monitoring Station
b) East London Air Quality Monitoring station
c) Zwelitsha Air Quality Monitoring station

The impact of implementing the pollution control programme is to enhance healthy living by ensuring that the emissions produced do not cause harm to the environment thereby contributing to the wellbeing of the communities of BCMM including those communities that are living in poverty.

2. Issuing of Atmospheric Emission Licence (AELs)
BCMM has the mandated authority to issue Atmospheric Emission Licences (AEL) in line with the Air Quality Management Act. In terms of the Atmospheric Licencing, certain industries have been identified as carrying out listed activities and are required to apply for an AEL. These include facilities such as metallurgical industry, mineral processing, storage and handling, organics chemicals and inorganic chemicals, etc.

Two (2) AEL applications were received, processed and issued within the period under review as follows:

Applications Received	Type of Application	Status of Licenses Issued
Morhot Galvanizing	Renewal Application	AEL Issued
First National Battery (Pty) Ltd - Settlers Way Plant	Renewal application	AEL Issued

T3. 15.1.

Service statistics for Pollution Control.

Ambient Air Quality Monitoring Network
The Air Quality Monitoring Stations performed as follows in the 2023/2024 financial year:

Station Name	Average Functionality for 2023/2024 financial year	Reasons for deviation	Corrective Measure
Gompo Air Quality Monitoring Station	0 %	The station was not operating due to network connectivity problems.	ICT was requested to attend the network connectivity problem, and the solution will be implemented by 31 March 2025.
East London Air Quality Monitoring Station	0 %	The station was not operational due to non-functionality of analysers that require to be repaired, serviced and calibrated.	The process to repair the station equipment will be facilitated through a Transversal Contract (RT37/2024) that is facilitated by the National Treasury by 31 March 2025
Zwelitsha Air Quality Monitoring Station	0 %	The station was not operating due to the network connectivity problem.	ICT was requested to attend the network connectivity problem, and the solution will be implemented by 31 March 2025.

New Mdantsane Air Quality Monitoring Station
The directorate facilitated procurement and installation of the following for the new air monitoring station located in Nkqubela TB Hospital in Mdantsane in NU 9.

a) A new air quality monitoring facility was established and commissioned in September 2023.
b) Power supply was connected to the new station in September 2023.
c) Solar Panels were installed and commissioned in June 2024.

Mdantsane air quality monitoring station is not yet functional due to outstanding equipment that still needs to be installed such as Thermo-Scientific Air Quality Analyzer, Envidas Logger Hardware Software and Meteorological. The above-mentioned equipment will be procured through Transversal Contract RT37/2024 facilitated by the National Treasury by 31 March 2025.

T3. 15.2.

Pollution Control policy objectives taken from the IDP.

Pollution Control Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2023/2024		2024/2025			2025/2026	2026/2027	
		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									
Air Quality	Percentage of Air Quality (AQ) monitoring stations providing adequate data over a reporting year	26.67%	0% air quality	75%	75%	75%	75%	75% acceptable	75% acceptable
	Percentage of Atmospheric emission licenses	100% (applications)	100% applications completed	100% applications	100% applications	100% applications completed	100% applications	100% applications	100% applications

Pollution Control Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2023/2024		2024/2025			2025/2026	2026/2027	
		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)
	(AELS) processed within guideline timeframes								
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 incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.15.3

T3. 15.3

Employees: Pollution Control

Employees: Pollution Control					
Job Level	Year -2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	13	14	13	1	7%
4 - 6	4	4	4	0	0%
7 - 9	10	11	11	0	0%
10 - 12	25	29	29	0	0%
13 - 15	6	6	5	1	17%
16 - 18	1	2	2	0	0%
19 - 20	1	1	0	1	100%
Total	60	67	64	3	4%

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. Health Inspection and Etc T 3.15.4

Financial Performance: Pollution Control

There was no financial performance for the unit during the year under review.

Capital Expenditure: Pollution Control

There was no capital expenditure for the unit during the year under review.

Overall comment on Pollution Control

Municipal Health Services implemented Air Quality Monitoring Stations project in the period under review under the capital funded projects. Listed below is the breakdown of project deliverables that were implemented:

a) Solar Panel was supplied, installed, and commissioned for an Air Quality Monitoring Station in Mdantsane.
b) Thermo Scientific Air Quality Analyzer was serviced and repaired in the East London Air quality monitoring station.
c) Envidas Logger Hardware and Software was supplied, installed and commissioned for the Gompo Air Quality Monitoring Station

The actual budget allocation was R1 000 000, together with a carry-over amount of R 831 717.00. Expenditure incurred through the project was R 756 868.00 and the R 831 717.00 was spent in full. The variance on expenditure was R 247 000.00 and it was approved for roll over to 2024/2025 financial year.

Five (5) Year IDP Budget Allocation

2023/2024	2024/2025	2025/2026	2026/2027
R 1 000 000 R831 717.00 (Roll- Over)	R 1 000 000 R 247 000.00 (Roll- Over)	R 2 000 000	R 2 000 000

T3. 15.7.

3.16. BIODIVERSITY, LANDSCAPE (INC. OPEN SPACES) AND OTHERS (EG. COASTAL PROTECTION).

Refurbishment of Beach Infrastructure

BCMM takes pride in management of the coastal and beach areas as this has a significant effect on tourism and the economy of the City. The City has prioritised the following Beach infrastructure refurbishment projects:

a) Eastern Beach - Restoration of the sewage system and septic tank.
b) Gonubie Beach - Refurbishment of Tidal Pool Toilets and toilets for persons living with disabilities; fencing of Gonubie lifesavers tower and main ablution facilities.
c) Nahoon Beach - Refurbishment of boardwalk ablutions facilities.
d) Leaches Bay - Fencing of the main ablution facilities.
e) Bonza Bay Beach - Refurbishment of Picnic site ablution facilities.

The Urban Settlement Development Grant (USDG) budget allocation for Refurbishment of Beach Infrastructure Project in the 2023/2024 financial year was R5 500 000.

Five (5) Year IDP Budget Allocation

2023/2024	2024/2025	2025/2026
R 5 500 000	R5 500 000	R 5 746 000

Development of Beach and Nature Reserve Infrastructure

The City has two functional Coastal Nature Reserves which are mainly Nahoon Point Nature Reserve and Nahoon Estuary Nature Reserve. The Directorate prioritised the refurbishment of the two Boardwalks at Nahoon Point Nature Reserve and fencing of a portion of the reserve.

The actual budget allocation for Refurbishment of Beach and Nature Reserve Infrastructure Project in the 2023/2024 financial year was R 500 000.

Five (5) Year IDP Budget Allocation

2023/2024	2024/2025	2025/2026
R500 000	R500 000	R 500 000

Grass Cutting and Vegetation Control

The grass cutting and bush clearing programme has commenced in areas that are negatively affected by overgrown grass and bush, bush encroachments to infrastructure and properties, open spaces which require ongoing maintenance, high visibility areas, exists and entrances to the city and communities. The city is committed to addressing the backlogs with regards to bush and grass cutting complaints. The city is also engaging various partners such as Border Kei Chamber of Business, Working on Fire, East London IDZ, MBSA in an effort to integrate resources for intensification of the grass cutting and bush clearing programme in priority areas. This service is improved by utilizing project participants recruited through Expanded Public Works Programme (EPWP), Public Employment Programme (PEP), Flood Mopping Project and through the utilization of Contract 283 for Removal of bush and noxious plants. The following grass cutting and vegetation control equipment were procured in the 2023/2024 financial year:

a) Fifty-six (56) Brush cutters;
b) Four (4) Extra Heavy Extra Heavy Duty;
c) One (1) Chainsaw
d) One Pruner

The actual budget allocation for the Project in the 2023/2024 financial year was R2 197 195 in total. Expenditure incurred through the project was R 2 033 933. The variance on expenditure was R 163 261 and it was approved for rolled over to the 2024/2025 financial year.
T3. 16.1.

Service statistics for Biodiversity & Landscape

The National Treasury Circular 88 prescribes certain indicators and targets for Metropolitan Municipalities including biodiversity protection and coastal protection as focal areas.

The table below illustrates statistics of indicators and targets for biodiversity protection and coastal protection:

INDICATOR	BASELINE	ACTUAL PERFORMANCE
Percentage of coastline with protection measures in place	73.1%	73.2%
Percentage of biodiversity priority areas protected	51.57%	69.0%
Percentage of biodiversity priority area within the metro	3.8%	5.1%

Narrative of indicators and targets for biodiversity protection and coastal protection:

a) Percentage of coastline with protection measures in place: The baseline was 73.1 of coastline with protection measures in place and the annual achieved target was 73.2% of coastline with protection measures in place. 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, 73.2% has been attained instead of 73.1%.
b) Percentage of biodiversity priority areas protected: The baseline was 51.57% of biodiversity priority areas protected and the annual achieved target was 69.0% of biodiversity priority areas protected. The inclusion of protected nature reserves and estuaries resulted in increased extent of the biodiversity priority areas protected.
c) Percentage of biodiversity priority area within the metro: The baseline was 3.8% of biodiversity priority area within the metro and the annual achieved target was 5.1%. The addition of nature reserves and estuaries have increased the extent of biodiversity priority areas protected thus affecting the overall percentage of biodiversity priority area within the metro.

T3. 16.2.

Biodiversity & Landscape policy objectives taken from the IDP.

Biodiversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
To promote a sustainable and an environmentally friendly City	Percentage of coastline with protection measures in place	72% coastline with protection measures in place	72% coastline with protection measures in place	73.1% coastline with protection measures in place	73.2% coastline with protection measures in place	73.2% coastline with protection measures in place	73.2% coastline with protection measures in place	73.2% coastline with protection measures in place	73.2% coastline with protection measures in place
	Percentage of biodiversity priority areas protected	48.5% biodiversity priority area protected	48.5% biodiversity priority area protected	48.5% biodiversity priority area protected	51.57% biodiversity priority area protected	69.0% biodiversity priority area protected	69.0% biodiversity priority area protected	69.0% biodiversity priority area protected	69.0% biodiversity priority area protected
	Percentage of Biodiversity Priority areas within the Metro	3.8% biodiversity priority areas within the metro	3.8% biodiversity priority areas within the metro	3.8% biodiversity priority areas within the metro	3.8% biodiversity priority areas within the metro	5.17% biodiversity priority areas within the metro	5.17% biodiversity priority areas within the metro	5.17% biodiversity priority areas within the metro	5.17% biodiversity priority areas within the metro
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 incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.16.3

Employees: Biodiversity & Landscape

Employees: Biodiversity; Landscape and Other					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	206	284	265	19	7%
4 - 6	145	187	164	23	12%
7 - 9	41	52	44	8	15%
10 - 12	15	15	15	0	0%
13 - 15	3	3	3	0	0%
16 - 18	4	4	3	1	25%
19 - 20	0	0	0	0	#DIV/0!
Total	414	545	494	51	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. T 3.16.4

Financial Performance: Biodiversity & Landscape

Financial Performance Year 2023/2024: Biodiversity; Landscape and Other					
R'000					
Details	2022/2023	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,274	896	896	269	-233%
Expenditure:					
Employees	176,763	233,413	177,589	177,527	-31%
Repairs and Maintenance	7,552	7,066	3,974	4,237	-67%
Other	15,019	11,934	16,229	16,233	26%
Total Operational Expenditure	199,333	252,413	197,792	197,997	-27%
Net Operational Expenditure	198,059	251,518	196,897	197,728	-27%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.16.5

Capital Expenditure: Biodiversity & Landscape

R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8,000	6,174	4,966	-61%	
GRASS CUTTING EQUIPMENT	500	588	588	15%	1,254
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - COASTAL	1,000	1,000	160	-525%	361
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - MIDLAND	1,000	–	–	0%	200
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - INLAND	1,000	–	–	0%	1,997
ESTABLISHMENT OF RECREATIONAL PARKS	4,000	4,218	4,218	0%	4,991
BEACHES	500	368	–	0%	988
REFURBISHMENT & UPGRADING OF FACILITIES AT BEACHES	500	250	–	0%	1,995
REVITILISATION OF BEACH INFRASTRUCTURE	5,500	5,964	5,441	-1%	5,984
DEVELOPMENT OF BEACH AND NATURE RESERVES INFRASTRUCTURE	500	498	498	0%	698
GRASS CUTTING EQUIPMENT	500	1,500	1,434	0%	1,534

R' 000					
Capital Projects	2023/24				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
GRASS CUTTING EQUIPMENT c/o		190	190	100%	13,716
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BUSH CUTTERS, TRAILERS FOR RITE ON ETC)	–	507	1,236	100%	1,336
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.16.6

Overall comment on Biodiversity & Landscape

Refurbishment of Beach Infrastructure

BCMM takes pride in management of the coastal and beach areas as this has a significant effect on tourism and the economy of the City. The City has prioritised, implemented and completed the following Beach infrastructure refurbishment projects:

PROJECT DESCRIPTION	STATUS
a) Eastern Beach - Restoration of the sewage system and septic tank.	• The project was implemented and completed within the 2023/2024 financial.
b) Gonubie Beach - Refurbishment of Tidal Pool Toilets and toilets for persons living with disabilities; fencing of Gonubie lifesavers tower and main ablution facilities.	• The project was implemented and completed within the 2023/2024 financial.
c) Nahoon Beach - Refurbishment of boardwalk ablutions facilities.	• The project was implemented and completed within the 2023/2024 financial.
d) Leaches Bay - Fencing of the main ablution facilities.	• The project was implemented and completed within the 2023/2024 financial.
e) Bonza Bay Beach - Refurbishment of Picnic site ablution facilities.	• The project was implemented and completed within the 2023/2024 financial.

The Urban Settlement Development Grant (USDG) budget allocation for implementation of the Refurbishment of Beach Infrastructure Project in the 2023/2024 financial year was R5 500 000.

Five (5) Year IDP Budget Allocation

2023/2024	2024/2025	2025/2026
R 5 500 000	R5 500 000	R 5 746 000

Development of Beach and Nature Reserve Infrastructure

The City has two functional Coastal Nature Reserves which are mainly Nahoon Point Nature Reserve and Nahoon Estuary Nature Reserve. The Directorate prioritised and completed the refurbishment of two Boardwalks at Nahoon Point Nature Reserve and fenced 150 metres of a portion of the Nahoon Point Nature Reserve. The actual budget allocation for Refurbishment of Beach and Nature Reserve Infrastructure Project in the 2023/2024 financial year was R 500 000.

Five (5) Year IDP Budget Allocation

2023/2024	2024/2025	2025/2026
R500 000	R500 000	R 500 000

Grass Cutting and Vegetation Control
The grass cutting and bush clearing programme has commenced in areas that are negatively affected by overgrown grass and bush, bush encroachments to infrastructure and properties, open spaces which require ongoing maintenance, high visibility areas, exists and entrances to the city and communities. The city is committed to addressing the backlogs with regards to bush and grass cutting complaints. The city is also engaging various partners such as Border Kei Chamber of Business, Working on Fire, East London IDZ, MBSA in an effort to integrate resources for intensification of the grass cutting and bush clearing programme in priority areas. This service is improved by utilizing project participants recruited through Expanded Public Works Programme (EPWP), Public Employment Programme (PEP), Flood Mopping Project and through the utilization of Contract 283 for Removal of bush and noxious plants.

The following grass cutting and vegetation control equipment were procured in the 2023/2024 financial year:
e) Fifty-six (56) Brush cutters;
f) Four (4) Extra Heavy Extra Heavy Duty;
g) One (1) Chainsaw
h) One Pruner

The actual budget allocation for the Project in the 2023/2024 financial year was R2 197 195 in total. Expenditure incurred through the project was R 2 033 933. The variance on expenditure was R163 261 and it was approved for rolled over to the 2024/2025 financial year.

The Parks, Cemeteries & Crematoria had an Operational budget of R 350 000 of which R 100 000 was utilized for beautification of the following areas:
1) Settlersway, Batting Bridge
2) Mdantsane east entrance
3) Bhisho Dam
4) Biannual florals display at Anne Bryant Gallery, Queens Park, City Hall, Esplanade, Crematorium, Alexander Rd, KWT Civic Centre and King William's Town

T3. 16.7.

COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections.

Introduction to Health.

T3. 17.

3.17. CLINICS.

This section does not apply to BCMM

Introduction to Clinics.

T3. 17.1.

This section does not apply to BCMM

Service statistics for Clinics.

This section does not apply to BCMM

T3. 17.2.

Clinics Policy Objectives taken from the IDP.

T3. 17.3.

This section does not apply to BCMM

Employees: clinics.

Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

Financial Performance: Clinics

Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

Capital Expenditure: Clinics

Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

Overall comment on Clinics

T3. 17.7.

Tables 3.17.1 T0 Table 3.18.7 are not applicable to BCMM.

3.18. AMBULANCE SERVICES

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

Introduction to ambulance services.

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.
T3. 18.1.

Service statistics for ambulance services.

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

T3. 18.2.

Ambulance services Policy Objectives taken from the IDP.

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

Employees: ambulance services.

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

Financial Performance: ambulance services

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

T3. 18.2

Capital Expenditure: ambulance services

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

T3. 18.6.

Overall comment on ambulance services

Tables 3.18.1 T0 Table 3.18.7 are not applicable to BCMM.

T3. 18.7.

3.19. HEALTH INSPECTION, FOOD AND ABATTOIR LICENCING AND INSPECTION, ETC.

Introduction to health inspection, food and abattoir licensing & inspection.

Food Control within the Local Government context includes the following aspects that forms part of Municipal Health Services functions:

a) Inspecting food production, distribution, and consumption areas.
b) Monitoring informal food trading.
c) Promoting the safe handling of milk and milk products.
d) Inspecting food premises and any nuisances emanating therefrom.
e) Enforcing food legislation and the Codex Alimentarius.
f) Promoting the safe handling of meat and meat products through, amongst others, meat inspections and examination of abattoirs.
g) Applying food quality monitoring programmes and principles through various techniques, e.g., Hazard Analysis and Critical Control Points System (HACCP System) audits.
h) Ensuring food safety in respect of acceptable microbiological and chemical standards, quality of all food for human consumption and optimal hygiene control throughout the food supply chain from the point of origin, all primary raw material or raw products production, up to the point of consumption.
i) Promoting the safe transportation, handling, storage, and preparation of foodstuffs used in the Primary School Nutrition Programme (PSNP), prisons, health establishments, airports, etc.

- Municipal Health Services Department is continuously updating the database of food premises within the Buffalo City Municipal area including communities living in poverty. Environmental Health Practitioners conduct inspections at these premises on a quarterly basis to ensure compliance with all appropriate Legislation and National Norms & Standards where possible. In cases where there are defects or non-compliance identified, a Compliance Notice is issued to the Owner/ Manager of such food premises and follow up monitoring is conducted until such compliance issues are resolved.

After a Compliance Notice is issued, the Owner/ Manager of a food premise is given thirty (30) days to rectify or correct non-compliance. Once an Environmental Health Practitioner is satisfied that all requirements have been complied with, a Certificate of Acceptability in terms of Section 3 (1) of Regulation No. R638 may therefore be issued.

T3. 19.1.

Service statistics for Health Inspection etc.

INSPECTION/ SURVEILLANCE OF FOOD PREMISES

During the year of reporting, five thousand two hundred & seventy-six (5276) food premises (formal, informal, spaza shops & caterers) were inspected both routinely and during multi-stakeholder operations in terms of Government Notice No. 638 (Regulations Governing General Hygiene Requirements for Food Premises, the Transport of Food and Related Matters).

The Table below illustrates the breakdown of food premises inspected per quarter for 2023/2024 financial year.

Colour coding for regions

Inland	
Midland	
Coastal	

PERIOD	TOTAL NUMBER OF INSPECTIONS	FORMAL FOOD PREMISES			INFORMAL FOOD PREMISES			SPAZA SHOPS			CATERERS		
First Quarter (July – September 2023)	1205	205	159	359	81	68	92	58	52	63	21	19	28
Second Quarter (October – December 20223)	1570	249	176	344	119	81	209	81	75	111	43	34	48
Third Quarter (January – March 2024)	1181	188	97	256	78	62	102	89	57	149	35	29	39
Fourth Quarter (April – June 2024)	1320	210	100	300	106	83	124	75	55	180	30	25	32

Compliance results for Food Premises

Inland region

- Forty- one (41) compliance notices were issued.
- Twenty – one (21) premises completed the required corrections and complied with R638 (Regulations Governing General Hygiene Requirements for Food Premises)
- Twenty – (20) premises still have outstanding requirements. The common outstanding defects were structural requirements, hygienic conditions and food product labelling in the stores. The Department is working on the follow up towards compliance of the premises.

Midland region

- Eighteen (18) compliance notices were issued.
- Twelve (12) premises made the required corrections and complied with R638 (Regulations Governing General Hygiene Requirements for Food Premises)
- Six (6) premises still have outstanding requirements. The common outstanding defects were structural requirements, hygienic conditions and food product labelling in the stores. The Department is working on the follow up towards compliance of the premises.

Coastal region

- Fifty (50) compliance notices were issued.
- Thirty-three (33) premises made the required corrections and complied with R638 (Regulations Governing General Hygiene Requirements for Food Premises).
- Seventeen (17) premises still have outstanding requirements. The common outstanding defects were structural requirements, hygienic conditions and food product labelling in the stores. The Department is working on the follow up towards compliance of the premises.

All the non-compliant food premises are frequently re-inspected to ensure that they reach full compliance.

T3. 19.2.

Health Inspection etc. services Policy Objectives taken from the IDP.

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
Provision of Integrated Municipal Health Service	Number of Health & Hygiene Programmes conducted.	8	8	8	8	9	8	8	8
	Number of food samples taken for monitoring purposes	400	494	300	300	402	402	300	300
	Number of water samples taken for monitoring purposes	1000	1413	1000	1000	1350	1000	1000	1000
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 incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.19.3

Employees: Health Inspection etc.

Employees: Health Inspection and Etc					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%

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

T 3.19.4

Financial Performance: Health Inspection etc.

Financial Performance Year 2022/23: Health Inspection and Etc					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36	38	38	30	-28%
Expenditure:					
Employees	45,943	41,087	45,316	45,316	9%
Repairs and Maintenance	537	1,454	1,062	706	-106%
Other	2,933	3,707	2,304	2,298	-61%
Total Operational Expenditure	49,412	46,249	48,682	48,320	4%
Net Operational Expenditure	49,376	46,211	48,644	48,290	4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.19.5

Capital Expenditure: Health Inspection etc.

Capital Expenditure 2023/2024: Health Inspection and Etc					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,000	4,221	978	-2%	
AIR MONITORING STATION	1,000	1,000	757	-32%	3,613
Refurbishment of NU 6 Mdantsane Offices For Municipal Health Services Midland c/o		3,000	–	0%	–
AIR MONITORING STATION c/o		221	221	100%	1,240
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.19.6

Overall comment on Health Inspection etc.

There are no capital projects under the Health Inspections programme as it is operational in nature.

SAMPLING OF FOOD PRODUCTS

A total of four hundred & two (402) food samples comprising of raw milk, dairy products and ice cream/ soft serve, salts, energy drinks, sweets, dairy drinks, cheese, sauces, peanut butter, egg-based deserts, biscuits/ cookies, dried fruits, vinegars, canned vegetables, canned fruits etc. were taken for bacteriological and chemical analysis to the BCMM Municipal Scientific Services laboratory and the National Health Laboratory Services (NHLS).

Samples that were submitted for chemical analysis at the NHLS Forensic Chemistry laboratory were found to be compliant with the Regulation No. R1145 of 2004, published under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972). Three hundred and forty-five (345) food samples, which constitute eighty-six percent (86%) of samples submitted for microbiological analysis at both BCMM Scientific Services and NHLS laboratories were compliant with the regulations.

Notices were issued to the premises with non-compliant food products mainly ice cream/ soft serve. This is normally due to higher temperatures resulting to mild bacterial growth. Premises with non-compliant ice cream/soft serve are instructed to cease operation immediately, until a follow up sample is taken, and results comply with the regulation. Regular inspections and sporadic sampling are conducted to those that are complying to ensure sustainable compliance.

T3. 19.7.

COMPONENT G: SECURITY AND SAFETY

This component includes police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

Introduction To Safety & Security.

The future direction of safety and security, more importantly community safety, is that by 2030, people will feel safe and enjoy a community life free of fear. The community and personal safety of the citizens in Buffalo City Metropolitan Municipality is an important element of maintaining a good quality lifestyle. Crime impacts negatively on the City's economic development agenda and may lead to loss of independence and generate further social and spatial disparities that restrain access to economic opportunities that damage social cohesion.

Safety is often considered to be primarily the responsibility of national authorities, yet crime hamstrings all essential city services – obstructing their effectiveness, raising their costs and slowing overall socioeconomic upliftment.

Crime remains a critical issue in Buffalo City, in terms of its impact on the quality of life of residents and on economic growth. Notwithstanding the proliferation of crime within the Metro, Law Enforcements Services together with Traffic, Fire & Rescue Services, Disaster Management, South African Police Service, Dept of Home Affairs, and other municipal departments have been undertaking numerous operations within the City, targeting liquor outlets, spaza shops and night clubs to enforce law and order.

A total of one hundred and forty-one (141) Liquor outlets were inspected during the year under review and on the 26th of March 2024 the Buffalo City Metro Law Enforcement, together with the South African Police Service, BCM Traffic Services, and Department of Home Affairs and Immigration conducted a joint operation at "California" a known criminal and illegal substance hotspot, in St Paul's Road, North End, East London. A total number of fifty-three (53) immigrants (foreigners) were arrested for various crimes including immigration status verification checks. All shops and taverns in the area were inspected. Operations like this ensure we keep our streets safe.

Car washing along the Eastern Beach Promenade remained a problem in the Metro for many years and this illegal practice affected the aesthetics of the beach front and denied citizens and tourists the pleasure of enjoying the City's beautiful beaches. Finally, through the concerted collaborative operations and daily patrols by both Law Enforcement Services, Quigney Rate Payer's Association and Tidy Towns Initiative, car washing on the Eastern Beach Promenade has ceased The Eastern Beach Promenade is now free of illegal car washers.

In the past fiscal year, from 1 July 2023 to 30 June 2024, the Buffalo City Metropolitan Municipality faced a threat to its essential infrastructure critical for public services. The rise in crimes targeting both ferrous and non-ferrous metals has posed significant risks to municipal assets and undermined the reliability of vital services such as electricity, water sanitation, communication, and rail transportation. These criminal activities not only jeopardize community welfare but also negatively impact on the local economy, as organized groups, often armed and dangerous, increasingly perpetrate these offenses.

Collaborative efforts made by Buffalo City Metropolitan Municipality, BKCOB, South African Police Services and Community Policing Forums to address crime, theft and vandalism of institutional and private property and other anti-social crimes have resulted in a reduction in crime related offences especially in communities where active neighborhood patrols have been active. The roll out of Community Safety Forums in BCMM will assist communities further in keeping their spaces safe and free from crime.
To this end, multi-stakeholder disruptive operations have been conducted in the City with Provincial SAPS Firearms, Liquor, Ammunition and Secondhand Goods (FLASH) Unit, BCM District SAPS, Law

Enforcement Services, parastatals like TRANSNET and private security. These specialized operations have resulted in the closure and prosecution of scrap metal dealerships that are illegal and non-compliant. Additional success stories include the recovery of BCM and Eskom copper cables and the arrest of suspects. Although criminal cases that have been opened take long to conclude, those that have been finalized have attracted hefty sentences of up to nine (9) years which is a welcome deterrent to would-be offenders.

Buffalo City Metropolitan Municipality has also made commendable progress in enhancing security and safety across its communities, with a particular focus on safeguarding municipal assets. Moving forward, the City will undertake a process to review the Integrated Crime Prevention Strategy and conduct a Security Risk Analysis in the upcoming fiscal year (2024/2025). Technology is now the hallmark of enhancing policing efforts and the City will continue with the roll out of CCTV cameras in high crime areas. These strategic documents and strategies will address crime and violence through a multi-faceted approach, emphasizing that safety is a comprehensive concern. The thematic pillars of these plans will include an effective criminal justice system, early intervention, victim support services, and addressing key issues such as crime reduction, emergency preparedness, and public safety awareness.

The City faced a lot of disaster incidents in the year under review which resulted in extensive damage to infrastructure and loss of life. Climate change is posing a threat to the economic ecosystem. Fires are also mostly experienced in informal settlements. The two (2) Departments had a hectic year whilst ensuring that their emergency response time and efforts are improved.

As we reflect on the past year, this report will highlight key initiatives undertaken, analyze their impacts, and outline future directions for safety and security in Buffalo City Metropolitan Municipality, by leveraging technology e.g. CCTV Rollout Plan, fostering community partnerships through initiatives like Community Safety Forums, strengthening collaborative relationships with external stakeholders to ensure a multi-faceted approach to tackling crime and enhancing the capabilities of Law Enforcement Services to prevent crime and Disaster Management to mitigate disaster incidents within Buffalo City Metropolitan Municipality towards attaining a safer environment.

It is important to note that the Buffalo City Metro Police Service has not yet been established. Therefore, Buffalo City Metropolitan Municipality will report on Traffic Services and Law Enforcement Services separately.

T3. 20.

3.20. TRAFFIC SERVICES

Introduction to Traffic Services

The role of Traffic Services is to provide community safety, traffic policing, traffic by-law enforcement and other agency related services within the Buffalo City Metropolitan jurisdiction.
The unit operates under a legislative mandate to provide Traffic Services in terms of Section 156 and Schedule 4 and 5 of the Constitution of South Africa and the National Road Traffic Act, 93 of 1996 and other related instruments. The objectives of Traffic Services is as follows:

- Ensuring roadworthy compliance of motor vehicles
- Increase voluntary compliance of road users
- Quality services (Traffic law enforcement, logistics and administration and licensing)
- Reduce Traffic offence rates, crashes, and fatalities
- Promote better relationships between Traffic Services and the community.

During the year under review, the Traffic Department successfully implemented the Departments three top service delivery priorities namely, % Reduction in traffic fatalities, Revenue collected in terms of traffic fines issued and paid and roll out of road marking traffic lines across the Metro.

Reduction in traffic fatalities – the department together with South African Police Services (SAPS) and Provincial Traffic Services managed to realize a major decrease in the number of traffic related fatalities recorded. For the 2023/2024 financial year, a total of 3.35% decrease was recorded against the set target of 5% which is 0.16% more than the previous financial year of 3.19%.

Revenue collected in terms of traffics fines issued and paid – During the year under review, the Traffic Dept managed to collect a total of R 10 642 144.41. This figure is commendable considering the decline in the economy in the Buffalo City Metro Municipal area, mainly related to the high unemployment rate in the Metro.

Roll-out of road marking traffic lines across the Metro – a total of seventy-two (72) streets and roads were painted during the year under review. Unmarked and unlined roads can pose a grave danger to motorists. Road line markings which are not clearly visible especially during wet conditions can lead to accidents and road rage frustrations. Road line markings are important for guiding vehicles into designated lanes and to keep the traffic moving smoothly, thereby reducing traffic congestion and bottlenecks.



Road markings KWT CBD area

T 3.20.1

Service statistics for Traffic Services.

Traffic Service Data					
	Details	2022/2023	2023/2024		2024/2025
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	153	240	161	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	80	94	88	101
4	Number of traffic & le officers on duty on an average day	80	94	88	101
T 3.20.2					

Concerning T 3.20.2

The number of officers available is determined by sampling the number of officers in the field and in offices and stations on the same day, sampling different times of day and different days of the week throughout the year.

T 3.20.1

Law Enforcement Service Data					
	Details	2022/2023	2023/2024		(2024/2025)
		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	52165	93500	52165	93500
3	Number of traffic & law enforcement officers in the field on an average day	87	94	87	94
4	Number of traffic & le officers on duty on an average day	87	94	87	94
T 3.20.2					

Traffic Services Policy Objectives taken from the IDP.

Traffic Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
Promote sound financial and administrative capabilities	% Reduction in road traffic fatalities on BCMM roads	5%	3.19%	5%	5%	3.35%	5%	5%	5%
Promote sound financial and administrative capabilities	Total increase in the amount of revenue collected for traffic fines	R5,500,00.00	R11,507,630.21	R5,500,00.00	R5,500,00.00	R10,642,144.41	R8,000,000.00	R8,000,000.00	R8,000,000.00
To create a safe environment for urban and rural citizens within BCMM	Continuous Roll-out of CCTV surveillance Cameras throughout BCMM	2	0	2	2	0	2	2	2
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.20.3

Employees: Traffic Services

Employees: Traffic Officers					
Job Level	2022/2023	2023/2024			
Traffic Services	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Traffic Services Officer & Deputy			3	0	
Other Traffic Services Officers					
0 - 3	1	1	0	0	
4 - 6	3	3	8	0	
7 - 9	6	8	76	11	
10 - 12	7	15	14	1	
13 - 15	9	15	5	0	
16 - 18	11	21	1	0	
19 - 20	18	30	0	0	
Total	55	93	104	12	13%

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

Financial Performance: Traffic Services & Law Enforcemnt Services

Financial Performance 2023/2024: Traffic Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	41,457	65,097	49,956	101,938	36%
Expenditure:					
Traffic Services Officers					
Other employees	297,182	324,936	314,206	314,147	-3%
Repairs and Maintenance	3,092	6,150	3,993	4,757	-29%
Other	20,441	35,699	94,889	94,132	62%
Total Operational Expenditure	320,715	366,785	413,088	413,035	11%
Net Operational Expenditure	279,258	301,687	363,132	311,097	3%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.20.5

Capital Expenditure: Traffic Services & Law Enforcement Services

R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5,000	13,244	3,375	-48%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	445	132	-279%	132
FURNITURE & EQUIPMENT LAW ENFORCEMENT OFFICES	500	200	139	0%	139
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	2,000	2,000		0%	1,821
REFURBISHMENT OF TRAFFIC SERVICES / LAW ENFORCEMENT BUILDINGS	2,000	2,000	5	-42005%	5
CLOSED CIRCUIT TELEVISION NETWORK - CCTV		2,000	–	0%	3,000
LAW ENFORCEMENT VEHICLES		3,099	3,099	0%	5,099
BACK-UP GENERATORS		3,500	–	0%	2,000
OFFICE FURN & EQUIPMENT (DIRECTORATE)	–	117	117	100%	117
SPECIALISED VEHICLES PUBLIC SAFETY		2,325	2,325	100%	5,325

R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT		1,279	216	100%	216
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.20.6

Overall comment on Traffic Services.

NB. It is important to note that the Buffalo City Metro Traffic Services Service has not yet been established. Therefore, Buffalo City Metropolitan Municipality will report on Traffic Services and Law Enforcement Services separately.

The following service delivery activities undertaken by the Traffic Department during the year under review have contributed towards maintaining an overall high standard of excellence and performance by a department dedicated to serving its communities:

Total accumulative traffic road traffic fatalities for the year under review for the period of 2023/2024:		
Quarter	Total Actual	% Decrease of per quarter calculated at 1.25%x4=5% target reduction
Q1	40	0.83%
Q2	50	1.04%
Q3	36	1.25%
Q4	35	0.72%
TOTAL	161	
3.35 % decrease for the period 2023/2024		

Note:

- Fatalities statistics are drawn from the South African Police Services (SAPS) database, and only the Minister of Police may release official crime statistics.
- The fact that SAPS is cooperating with the RTMC and other entities and that information from the BI System is released does not guarantee the accuracy of such information. It cannot be regarded as official statistics.
- Due to the complexity of the indicator, accidents and fatalities can occur at any given time. Even though all resources available such safety awareness and roadblocks, which are held frequently to deter unlawful behaviour, it is the onus of the road users to be more vigilant and comply with the road traffic laws. Estimates for road traffic fatalities and infringements, cannot be provided due to the nature of these indicators.

Traffic fines are penalties imposed on motorists for **violating traffic laws**. These are issued by traffic authorities, traffic officers and municipalities. These fines aim to deter traffic violations and promote responsible driving behavior. The use of the state-of-the-art mobile office of automatic number plate recognition system detects violations for outstanding fines. The purpose of the ANPR at roadblocks is to detect outstanding fines as well as allow the officer to carry out other enforcement checks such as checks for vehicle fitness, validity of the license disc, condition of driver.

Total accumulative total collected for traffic road violations/fines for the year under review (2023/2024)	
Total	R 10 642 144.41

In 2023/24, the following traffic auxiliary services activities were undertaken: -

GENERAL ACTIVITIES	Total for the period of Jul 2023 to June 2024
Roadworthy Examinations Tested	170
Learners Licences - Tested	14608
Learners Licences - Passes	5234
Learners Licences - Failed	9374
Driving Licences - Tested	3382
Driving Licences - Passes	1674
Driving Licences - Failed	1708
Public Driving Permits	12880
Section 56 Notices	31646
Section 341 Notices	18013
Credit Card Issues	12425
Vehicle Licences	117986
Vehicle Registrations	36555

Total Number of Roadblocks in BCMM	
Joint Roadblocks with SAPS	374
Total roadblocks cancelled- this can be attributed to inclement weather, protests, intermediate loadshedding, events whereby traffic officers were dispatched in compliance with other operations	166
Total number of hits recorded	67 558
Total number of notices finalized	9280
Camera images uploaded	141 367
Camera images processed	84 168
OPERATIONAL ACTIVITIES	
Camera mailer prosecutions	923
Warrants of arrests executed	96308
Arrests DIC	71
Other arrests	13
Section 54 summons issued	93
Vehicles suspended from use Section 44	2402
Total amount of safety awareness campaigns	292
Total number of learners engaged	40386






2 May protest

During the year under review, various operations, including the Festive Season and Easter Season launches, were undertaken. Albeit other operations which include Drunken Driving, vehicle fitness, speed enforcement, joint operations with other external stakeholders such as SAPS, Provincial Traffic Services and Law Enforcement Services, Traffic Services are also called out to deal with accident scenes which involve motor vehicles, pedestrian accidents and animals, protest marches and aid at events, road closures and floods incidents.

The joint operations enforced throughout the Metro by BCMM, SAPS and Provincial Traffic Dept have resulted in the reduction in traffic fatality incidents in the Metro by 3.35% during the year under review. Total number of fatalities for the year equated to one hundred and sixty-one (161). The commendable effort by these officers needs to be acknowledged and appreciated since it takes many hours and weekend operations to ensure that the roads are safe to travel on especially over the festive season where drunken driving is at its highest.

Over one hundred and eighty-five (185) successful road safety campaigns were conducted at schools throughout the year under review. This programme assists schools with road safety education, conducts regular checks on buses and taxis providing scholar transport in the Metro. In providing school road safety education, Traffic Services works closely with the Department of Education on School Road Safety Education, Scholar Patrols and Road Safety Compliance to improve road safety for the learners.

Traffic Services conforms to the Magisterial requirements in terms of preparation of court rolls, ensures support from the Magistrates Courts regarding traffic fines which need urgent attention such as NAG (No Admission of Guilt), and attends to admission of guilt fines, warrants of arrests and court rolls in order to conform to the legislative imperatives.

LAUNCH OF FESTIVE SEASON, 2023



A total of one thousand, three hundred and seventeen (**1317)** vehicles were impounded at roadblocks for being unroadworthy. Transgressions found varied from vehicle to vehicle ranging from defective service brakes, defective parking brakes, worn out tyres, tyres not according to manufactures and SABS specifications, oil leaks, defective steering mechanism, broken or defective lights, broken windows, or windscreen, windscreens covered in plastic reducing visibility, dropped suspensions, chassis of vehicle cut and welded, structural damage on body/ chassis of vehicle, and overall or general appearance of vehicle. All these contribute to an increase in road accidents and in some cases road fatalities.

Road Markings and Sign Erecting

During the year under review, road line painting or marking formed part of the ward priorities. Roads in and around the BCMM borders are marked by Traffic Services, whilst other national roads are being maintained by other stakeholders such as Provincial Traffic Services and Agencies such as SANRAL resulting in a safer and visible traffic signage road system for motorists to travel on. The replacement of road signs has proved extremely challenging due to some being vandalized and being stolen. This also puts a strain on the budget and human resources of the Department. Communities are encouraged to take ownership of these safety measures and report any violations to the police and the Municipality. Heavy rains also affected the roll-out of the plan for road markings.

- Despite the constraints, **a total of seventy-two (72) streets were painted in BCMM during the 2023/2024 financial year.** This is a continuous and ongoing programme that the Traffic Department undertakes annually.





T3. 20.7.

LAW ENFORCEMENT AND TRAFFIC SERVICES

Law Enforcement Services, together with the Security Services Section is tasked with ensuring and providing a safe, secure and relatively crime free environment to all its residents and visitors to the City as well as ensuring adherence to the Batho Pele principles.

In doing so, Law Enforcement Services primary functions are the enforcement of Municipal by-laws, safeguarding of Municipal assets and employees and crime prevention. Included are the following duties:

- Traffic Law Enforcement
- Enforcement in respect of all offences
- Attending to complaints from the public
- Processing the applications in respect of the Gatherings Act, 205 of 1993
- Law Enforcement operations in conjunction with SAPS and various internal and external stakeholders
- Visible patrols and crowd control at special events
- Safety of municipal installations and plant as and when required
- Monitoring of informal trading
- Assisting the Electrical Department with illegal electricity connections
- Land occupation
- Liquor Establishment Inspections
- VIP Protection duties for Political Principles and Senior Staff

Its mission is ensuring compliance with all municipal by-laws, the protection of Municipal employees and assets, safety and security of BCMM communities through crime prevention initiatives, participating with other external stakeholders in efforts to address the causes of crime.

Initiatives include building partnerships with internal stakeholders, external stakeholders in the Metro namely the South African Police Service, Provincial Department of Community Safety, Department of Home Affairs and Immigration, Gonubie, Beacon Bay and Quigney Rate payer's associations, Border- Kei Chamber of Business in terms of the Tidy Town initiatives and others.

The Metro faces and enormous challenge with the illegal theft of electricity where daily operations are structured with BCMM Electrical department. Electricians must physically disconnect and remove these illegal connections and often face resistance with members of the public. Law Enforcement Services are requiring protecting these employees and the services are unhindered.

Law Enforcement also provide a VIP Protection Service with selected officers providing close protection to the Metro's Executives and higher officials on an ongoing and daily basis. Other duties include attending to many protest actions which occur regularly in and around the metro, both planned and unplanned marches and act as a direct link between the community and the BCMM Councillors and officials in such cases. Land invasion issues are also dealt with regularly and operation structured in compliance with the PIE ACT are executed when land belonging to the municipality is invaded illegally.

The Law Enforcement Department is also mandated with upholding and enforcing the metros by-laws including Hawker trading, beaches, illegal dumping which occurs all over the city. Law Enforcement officers regularly patrol identified problematic areas within the Metros many suburbs in marked Law Enforcement vehicles serving as a visible presence to deter criminals and Law Breakers and systematic inspections are affected at many Municipal installations and amenities to ensure public services are rendered efficiently. Law Enforcement Services help in Conjunction with the South African Police Services and other Stakeholders in the safe planning and structuring of all events, concerts, races, roadshows, public elections etc to ensure such events are successful and complaint in terms of the public order and crowd management.

Law Enforcement officers also undergo training through the Eastern Cape Liquor board are qualified Liquor Inspectors. Regular inspections are carried out Liquor Outlets and establishments to ensure compliance in the abuse of alcohol by enforcing strict trading hours in which alcohol may or may not be sold.

During the year under review, the Law Enforcement Services Department's top three priorities were: by-law enforcement, roll-out of CCTV cameras and procurement of additional vehicles for the department.

By-Law Enforcement – The department successfully enforced the following by-laws:

- Drinking in public – one hundred and forty-two (142) people were warned for drinking in public and a total of one thousand, six hundred and ninety-five (1695) open units of alcohol that was consumed in public were emptied.
- Drunk and disorderly behaviour – three (3) people were warned and told to vacate the area
- Illegal immigrants – during a law enforcement joint operations eight (8) illegal immigrants were arrested and handed over to Dept of Home Affairs and South African Police Services
- Illegal electricity connections(wires) – a total of forty thousand, eight hundred and eighty-one (40881) illegal wiring/illegal electricity connections were disconnected and confiscated by the team
- Illegal invasion of municipal owned land – a total of one hundred and seventy- four (174) half built illegal structures were demolished and confiscated.
- Illegal car washing taking place along the Eastern Beach Promenade, Quigney and East London Central Business District area – a total number of six hundred and fifty-two (642) section 341 notices were issued to the owners of the vehicles who allowed the illegal car washes to wash their vehicles on public road and a total of one thousand five hundred and twenty two (1522) car washers were removed and warned to stop the illegal car washing activity and told to vacate the area
- Ninety-eight (98) Section 56 notices were issued to the Spaza shop owners, shop owners and hawkers who were not in possession of a business license during various joint operations. A total of eight (8) fines were paid for the transgressions by eight shop owners.
- One hundred and six (106) fireworks were confiscated from various people during the festive season operations along the Eastern Beach Promenade.
- One hundred and forty-one (141) liquor establishments were inspected in all three regions in terms of liquor trading licenses and trading hours, and all were in compliance with the liquor trading by-law.

Roll-out of CCTV – The Department was allocated R2,000,000 in the 2023/2024 financial year for the rollout of CCTV cameras. The Department attempted to secure a service provider through a transversal tender with SITA, only a repair and maintenance of CCTV cameras contract could be finalized. The project will be rolled out in 2024/25.

Procurement of specialized vehicles – the Department successfully procured seven (7) high performance vehicles to the value of R5,424,062 incl VAT. The vehicles were successfully launched by the Executive Mayor on the 26 October 2023.





Law Enforcement Service Data					
	Details	2022/2023	2023/2024		(2024/2025)
		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	52165	93500	52165	93500
3	Number of traffic & law enforcement officers in the field on an average day	87	94	87	94
4	Number of traffic & le officers on duty on an average day	87	94	87	94
T 3.20.2					

Police Policy Objectives Taken From IDP									
Service Objectives / Service Indicators	Outline Service Targets	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
(i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Promote sound financial and administrative capabilities	% Reduction in road traffic fatalities on BCMM roads	5%	3.19%	5%	5%	3.35%	5%	5%	5%
Promote sound financial and administrative capabilities	Total increase in the amount of revenue collected for traffic fines	R5,500,00.00	R11,507,630.21	R5,500,00.00	R5,500,00.00	R10,642,144.41	R8,000,000.00	R8,000,000.00	R8,000,000.00
To create a safe environment for urban and rural citizens within BCMM	Continuous Roll-out of CCTV surveillance Cameras throughout BCMM	2	0	2	2	0	2	2	2

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

T 3.20.3

Employees: Law Enforcement Services					
Job Level	2022/2023	2023/2024			
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	1	1	1	0	0%
4 - 6	342	385	349	36	9%
7 - 9	74	81	69	12	15%
10 - 12	8	9	8	1	11%
13 - 15	1	1	1	1	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	426	477	428	50	10%
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					

Financial Performance 2023/2024: Police					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	41,457	65,097	49,956	101,938	36%
Expenditure:					
Police Officers					
Other employees	297,182	324,936	314,206	314,147	-3%
Repairs and Maintenance	3,092	6,150	3,993	4,757	-29%
Other	20,441	35,699	94,889	94,132	62%
Total Operational Expenditure	320,715	366,785	413,088	413,035	11%
Net Operational Expenditure	279,258	301,687	363,132	311,097	3%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.20.5

INFORMATION PROVIDED ABOVE RELATES TO THE HOD OFFICE, GM PS OFFICE, TRAFFIC & LAW ENFORCEMENT OFFICE

STATISTICAL DATA FOR YEAR 2023/2024

Law enforcement Services performance for the year under review is presented here under as follows:

	LAW ENFORCEMENT SERVICES DATA	
	DETAILS	2023/2024
1	Arrest: D.I.C	2
2	Arrest: Assault of a Peace officer	1
3	Arrest: Malicious Damage to property	1
4	Arrest: Reckless/Negligent Driving	1
5	Arrest: Business Robbery	2
6	Arrest: Failure to comply	1
7	Dagga/Narcotics Confiscated	74
8	Dealing in Narcotics	1
9	Drinking in Public	142
10	Drunk and Disorderly	3
11	Illegal Immigrants	53
12	Open Dockets without Detention	2
13	Theft of Municipal Property	1
14	Recovery of stolen property	14
15	Stock theft	1

	LAW ENFORCEMENT SERVICES DATA	
	DETAILS	2023/2024
16	Illegal Tavern Arrest	1
17	Theft	1
18	Beggars Removed	9
19	Car Washers Prosecuted (341)	652
20	Fires Extinguished	149
21	Gambling	2
22	Goods Confiscated from Hawkers	134
23	Hawker's licences checked	93
24	Section 56 Notices Bylaws/bus licence, etc	97
25	Hawkers prosecuted (56)	1
26	Hawker Warrants	1
27	Section 56 Notices Illegal Dumping section 56	14
28	Noise Disturbance	126
29	Hawkers removed	165
30	Dangerous weapons	212
31	CD's & DVD's Recovered	309
32	Events	53
33	Goods Confiscated from carwashes	1105
34	Goods found abandoned	72
35	Illegal Elec. Cutoff Actions	40881
36	Liquor Destroyed	1695
37	Pamphlets	4
38	Picketing	1
39	Protest Marches	25
40	Mass action Unrest/riot	72
41	Carwashers removed	1522
42	Sect. 341 Notices (traffic offences)	198
43	Sect. 56 Notices (traffic offences)	174
44	Informal Settlement Actions	174
45	Tavern/Shebeen Actions (licences checked)	141
46	Vagrants Removed	938
47	Beggars removed	29
48	Fine paid	8
49	Joint Operations	109
50	Fireworks confiscated	106
51	Launch of New Fleet/Festive Season Operation	2
52	Joint Scrap Metal Operation	2

Performance of Law Enforcement Services for the period under review

The Law Enforcement Services Department is committed in enforcing the by-laws and against those committing crimes in line with the Buffalo City Crime Prevention Strategy. The Crime Prevention Strategy sets out objectives, strategies and priorities of crime prevention.

The BCMM Crime Prevention Strategy is due for review and the department has embarked on the process of appointing a service provider through the approved SCM bidding processes. The review of the Crime Prevention Strategy will be finalized in the 2024/2025 financial year.

During high visibility foot patrols which was undertaken by Law Enforcement Officers in the EL CBD, Buffalo Street, a hawker was arrested for being in possession and for the distribution of marijuana.

The photographs below indicate the actions taken by the officers. The suspect was arrested and detained at the East London Police Station.





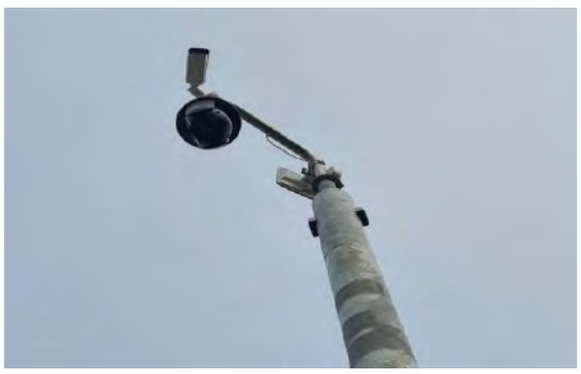
Forty thousand, eight hundred and eighty-one (40881) illegal connections/cables were disconnected and confiscated during the electricity raid during the 2023/2024 financial year





The rollout of CCTV is a multi-year project and BCMM is ensuring that all crime hot spot areas are monitored by closed circuit television cameras. Collaborative relationships with SAPS and Private Security in the City have led to effective response and apprehension of criminals.

CAMERAS ARE MONITORED IN THE CCTV CONTROL ROOM AND OTHER CONTROL STATIONS





Creating a safer and more secure environment for BCMM's residents, visitors and businesses is a key priority which necessitated engagements with other external stakeholders like the ratepayers' associations in the Quigney area, Tidy Towns and the Border- Kei Chamber of Business. The joint effort by all parties concerned has yielded a beachfront free from car washers.





During the year under review, Law Enforcement Services has conducted joint daily and weekly operations with other external stakeholders like SAPS, BCMM Health Department, Provincial Department of Safety and Home Affairs Immigration. The focus was on counterfeit goods, checking on business licensing and illegal immigrants.





The illegal invasion of public land is a nationwide problem. The BCMM Law Enforcement Department in conjunction with the BCMM Human Settlements Department conduct regular, structured operations in and around the Buffalo City's municipal jurisdiction. The removal of illegally erected dwellings is done strictly in accordance with the PIE Act, 19 OF 1998 as amended. Legal Services and Spatial Planning and Development are also part of the team involved with land invasion or illegal occupation of land. A total of one hundred and seventy- four (174) half built illegal structures were demolished and confiscated.





A total of one hundred and forty-one (141) Liquor Establishments were inspected in the year under review during joint operations and during normal operational duties. During the joint operations, roadblocks were conducted with high blue light visibility in areas to curb the crime in the areas. Vehicles were stopped and searched to inspect for narcotics, illegal firearms, counterfeit goods, dangerous weapons and illegal immigrants. Noise complaints were also attended to by Law Enforcement officers.





The Department is also addressing the challenges of illegal dumping around the Metro and those found dumping illegally are prosecuted.




The Buffalo City Metropolitan Municipality Law Enforcement Services Department in conjunction with the South African Police Services (SAPS) and other BCMM departments work jointly during the annual festive season operations, when there is an enormous influx of visitors to the City. These operations are structured to curb crime and provide a safe environment for the City's inhabitants and visitors. A zero-tolerance stance is maintained during this busy season where by-laws are enforced and high visibility of all law enforcement agencies to make the City unfavourable to criminals. Joint parades were conducted inside and outside the Osner Hotel. The Joint Operations Centre was located at the Osner Hotel for the festive season period. Law Enforcement Services conducted visibility at all beaches in the Metro to ensure that patrons enjoy themselves without fear of being attacked or injured.

JOINT PARADES FOR FESTIVE SEASON OPERATIONS








St Pauls Road Operation “California” and North Street

On the 26th of March 2024 the Buffalo City Metro Law Enforcement, together with the South African Police Service, BCM Traffic Services, and Department of Home Affairs and Immigration conducted a joint operation at “California” a known criminal and illegal substance hotspot, in St Paul’s Road, North End, East London at 16h00pm. A joint parade and briefing was conducted at Law Enforcement Services offices. A total number of forty-five (45) immigrants (foreigners) were arrested for various crimes including immigration status verification checks. The operation was carried out and all the shops and the tavern in the area were inspected. Operations of this nature serve to ensure that we keep our streets safe. Statistics for the operation at Kimberley Road, were as follows: 3 X Section 56 Notices issued for traffic offences; 3 X Section 341 Notices issued for traffic offences. A total number of forty-six (46) immigrants were arrested during the operation. (Four (4) were confirmed for deportation and under detention, ten (10) were detained in terms of Section 34(1)(b), of the Immigration Act and they are still in detention, twelve immigrants were issued with a R2500 fine for failing to extend their Permit and they were released, twenty (20) were released, as they produced their documentation.)

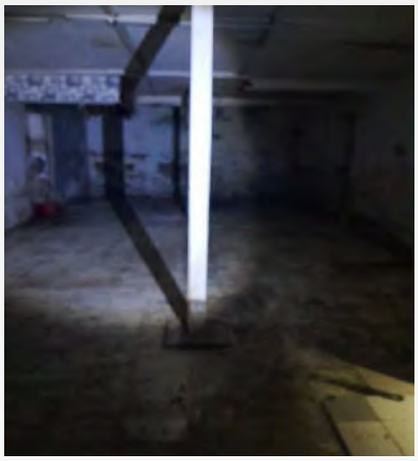
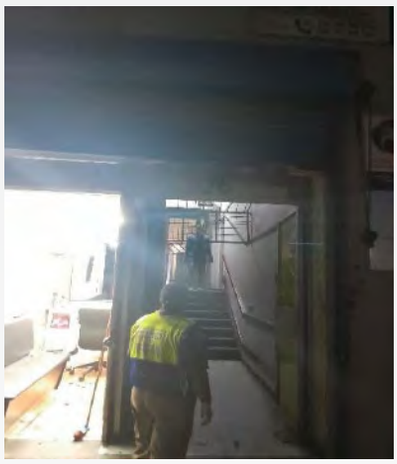
Phase one: St Paul’s Road known as “California”





Phase two: North Street

Law Enforcement Services and SAPS conducted Phase two of the abovementioned operation at North Street at 18h30pm on the same day, 26th March 2024. It was found that the partitions inside the premises at 26 North Street were removed and all the occupants inside had already vacated the premises. The Sports Bar at North Street was also inspected for liquor license, and the premises behind the establishment also inspected, but found to be empty. SAPS and Immigration continued to work throughout the night.


Spaza Shops/Food Premises – Buffalo City Metropolitan Municipality Multi-Disciplinary Joint Operations:

Law Enforcement Officers, the South African Police Service, BCMM Municipal Health Services, and the Department of Home Affairs and Immigration, along with other internal and external role-players, conducted a joint Spaza Shop operation in the Inland, Midland, and Coastal areas. Parades were conducted at each operation. Spaza Shops were issued with Section 56 notices for non-compliance, goods were confiscated by the BCMM Municipal Health Services, and most Spaza Shops were closed and were closely monitored until the spaza shops became compliant.




Law Enforcement officers removing illegal structures that were advertised for sale on Western Avenue, opposite Police Park. Law Enforcement officers conduct high visibility operations within the East London CBD by vehicle and also foot patrols. Stop and Search of suspicious individuals, enforcement of Municipal By-laws and crime prevention operations are conducted.





Easter Road Safety Campaign

The Easter Road Safety Campaign began with a roadblock on the N2 on Monday the 25th of March 2024 with SAPS, BCMM Traffic Services and BCMM Law Enforcement Services. The Executive Mayor, Princess Faku, was present during the roadblock to raise awareness during the busy Easter long weekend. At the roadblock number plates were scanned and vehicles were stopped and inspected for roadworthiness. Motorists were also able to pay fines on the spot. All law enforcement agencies worked closely together to ensure a free and safe environment for all road users.

N2



N2



Tidy Towns Initiative

The BCMM Law Enforcement Department, the BCMM Environmental Services, private security companies, in conjunction with the Border Kei Chamber of Business kicked off the Tidy Towns Initiative in February 2024.

The ideology of the Tidy Towns Initiative is to involve local communities and organizations in cleaning up the city thereby reducing crime in the long run. The methods employed to ensure this outcome is one where all offences even minor ones are addressed, and this has a ripple effect in eliminating more serious crimes in a particular area.

Nahoon Beach





T3.20.7

3.21. FIRE SERVICES

Introduction to Fire Services

Buffalo City Metropolitan Municipality Fire and Rescue Services is a recognized centralized communication centre (CCC) that operates on a 24 hour, 7 days a week basis. All fire and motor vehicle incidents on the major routes must be reported to the CCC for co-ordination. BCMM Fire and Rescue Services covers the vast BCMM jurisdiction.

The following sections are fully operational:

a) Administration: The division attends to the recording, reporting, analysing and statistical information and record keeping of such operational activities.
b) Operations: The division attends to the day-to-day operations of responding to emergencies and thereby saving lives, protecting property and the environment.
c) Fire Safety: This division attends to building compliance matters as per SANS 10400 as well as compliance issues on SANS 10087, 10089, National Veld and Forest Fire Act 101 of 1998, Occupational Health and Safety Act 85 of 1993 and Community Protection Against fire. Additionally, the section ensures safety in all incidents by ensuring that all regulations are in place and is required to be on standby during events.

The Fire & Rescue Services has a Training Centre which is well recognized and accredited to offer all fire-related courses. The training Centre is well equipped, ensuring that BCMM adequately addresses any eventuality and assists the municipality during major incidents. The Centre has a good relationship with Nelson Mandela Metro Municipality in terms of assessing and moderating students when required. It is the only fire and rescue service training Centre in the Border Region that can develop local municipalities and sign Memoranda of Understanding for assisting the district and local municipalities when required.

As a Metropolitan Municipality, BCMM is mandated to manage, control and extinguish grass fires, mountain fires, and manage all hazardous substances by utilizing the specialized resources that are available.
On handling and managing of bulk spillages, SANRAL has contracted Border Hazmat and Spill Tech to manage all major spillages on major routes including but not limited to: R72, N2 and N6.

BCMM is planning to build fire stations in strategic areas to meet the National Treasury Regulations of responding to all structural fires within 14 minutes to save lives and protect properties. Furthermore, the Fire Stations will support the Built Environment Project Plan (BEPP) of the institution.

FLOOD AND WATER RESCUE TEAM

BCMM Fire and Rescue Services has a fully equipped fire service including a diving team with nine (9) recognized divers that deal with water rescue when required. All divers comply with the Occupational Health and Safety Act 83 of 1985. The medical condition screening of all divers is conducted annually.

All divers must pass the medical test to qualify as divers. All divers' medical tests must be submitted to the Department of Labour and Employment and all diving training must be recorded and submitted to the Department for recording. The divers must be trained by a recognized and accredited diving school, random diving training must be conducted, and all diving hours recorded in a diving book for compliance purposes as per Occupational Health and Safety Act 83 of 1985.

The divers must be familiar with all water rescue operations. The crews must have full PPE (Personal Protective Equipment) including PPE for diving in black water/Sewerage. The BCMM Fire & Rescue diving team is led by a dive supervisor appointed as per the Occupational Health and Safety Act 83 of 1985. A diver that does not meet the requirements of the Act is immediately prohibited from diving until he/she meets the requirements.

SPECIALISED FLEET

This department utilizes a specialized imported fleet as well as equipment. Fire & Rescue Services strives to replace the ageing fleet annually through the procurement of latest technology specialized fire engines through the annual budget allocations for the purchase of these specialized vehicles and equipment to facilitate the Fire & Rescue Services function to successfully attend to all emergencies. Currently BCMM funds the procurement of fire engines and equipment through its own funding sources, ie revenue generated from services rendered by BCMM, however, enquiries are being made in terms of other sources of funding to replace the ageing fleet. In the 2023/2024 financial year, the Department purchased a 9000l water tanker. BCMM manages all bush fires by utilizing Bush Tenders that are fully equipped for bush fires and obtain water supply from closest hydrants, as well as utilizing Major Pumpers and Water Tankers.

TESTING OF FIRE HYDRANTS

Fire hydrants are identified, tested and marked for easy identification during emergencies. The marking of fire hydrants is usually on the closest poles, tar surface and triangular concrete pole on which is written FH. The pole is usually painted yellow, and the FH in Red. All hydrants' faults are reported to BCMM water works for repairs.

MANAGING OF SPILLAGES

The Department attends to spillages e.g. oil and diesel including tip fires that must be treated as per National Environment Management Act (NEMA) Section 30 and informs environmental services accordingly. Failure to treat spillage properly may result in the road surface becoming slippery, and this can cause major accidents that can result in the loss of life and destruction of property.

FLAMMABLE LIQUID FIRES

Fire Services has the capacity to control and extinguish flammable liquid fires and has sufficient resources to deal with all types of fires. BCMM must provide budget yearly to purchase foam as BCMM is vast and covers the major route N2 and N6 as well as flammable liquid site. BCMM fire services must have bulk foam as a backup for the oil sites and flammable liquid fires.

HIGH RISE BUILDING FIRES

The Department responds to fire incidents affecting high-rise buildings by utilizing specialized aerial appliances. There were no fire incidents that affected high-rise buildings in the Metro in the year under review.

VOLUNTEER FIRE SERVICES

There are no reservist fire fighters and volunteers operating within the Metro. BCMM utilizes off-duty personnel when managing major fires.

IMPROVEMENT OF SERVICE DELIVERY:
IMPROVE ON THE RESPONSE TIME TO ATTENDING FIRE CALLS:

In the year under review, the response time to attending fire calls is 46%. To improve performance, the department has introduced daily monitoring of calls and response time at all levels of staff, both administrative and operational, to identify weaknesses in the value chain of response efforts. This exercise has empowered the personnel to understand the purpose and importance of meeting the Service Delivery Budget Implementation Performance (SDBIP) indicator target, i.e. responding to all structural fires formal and informal within 14 minutes.

Additionally, the Department has appointed a qualified and experienced mechanic to facilitate in-house repairs to the specialized fleet to ensure that each Fire Station is equipped with a Major Pumper or Water Tanker for the day-to-day operations to enable quick response to fire incidents.

MAJOR EFFICIENCIES ACHIEVED BY DEPARTMENT'S SERVICE:
INTERNAL TRAINING OF TRAINEE FIRE FIGHTERS BY BCMM TRAINING CENTRE
Three (3) BCMM employees were trained in Fire Fighter 1, Hazmat Awareness and Fire fighter 2 and Hazmat Operations.

EXTERNAL TRAINING OF TRAINEE FIRE FIGHTERS BY BCMM TRAINING CENTRE -ACSA
Four (4) external fire fighters were trained by BCMM training centre in Fire Fighter 1, Hazmat Awareness and Fire fighter 2 and Hazmat Operations.

NQF LEVEL FOUR (4) AND FIVE (5) TRAINING BY UMBUSO
Twenty (20) staff members were trained in QFL level 4 by an external service provider.
Fifteen (15) staff members were trained in NQF level 5 by an external service provider.

SUPPRESSION OF FIRES:

FIRE TYPES	QTY
Residential fires	228
Vegetation or grass fires	1370
Commercial fires	25
Transport fires	114
Informal dwelling fires	215
Water rescues	3





AWARENESS CAMPAIGNS:
The BCMM Fire & Rescue Services conducted 134 awareness campaigns during the 2023-2024 financial year period.

Service statistics for Fire Services.

Metropolitan Fire Service Data 2023/2024					
	Details	2022/2023	2023/2024		2024/2025
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	2684	3000	2692	2222
2	Total of other incidents attended in the year	140	140	120	109
3	Average turnout time - urban areas	12	14	14	14
4	Average turnout time - rural areas	25	23	23	23
5	Fire fighters in post at year end	127	140	131	131
6	Total fire appliances at year end	38	39	38	35
7	Average number of appliances off the road during the year	9	5	8	3
T 3.21.2					

Fire Services Policy Objectives taken from the IDP.

Fire Service Policy Objectives Taken From IDP 2023/2024									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/25	2025/2026	
		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									
Safety	Percentage compliance with the required attendance time for structural firefighting incidents	75%	46%	75%	45.11%	45%	45%	45%	45%
	Number of Fire Stations Refurbished	1	1	1	1	1	1	1	1
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.21.3

Employees: Fire Services

Employees: Fire Services 2023/2024					
Job Level	2022/2023	2023/2024			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	5	8	5	3	38%
4 - 6	11	10	10	0	0%
7 - 9	98	109	103	6	6%
10 - 12	31	36	30	6	17%
13 - 15	2	5	4	1	20%
16 - 18	1	1	1	0	0%
19 - 20	0	1	1	0	0%
Total	148	170	154	16	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. T 3.21.4					

Financial Performance: Fire Service.

Financial Performance Year 2023/2024: Fire Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	133,124	140,518	140,518	148,877	6%
Expenditure:					
Fire fighters					
Other employees	98,874	110,067	105,685	105,622	-4%
Repairs and Maintenance	2,938	2,132	1,356	1,356	-57%
Other	88,181	31,546	50,406	50,075	37%
Total Operational Expenditure	189,993	143,746	157,446	157,053	8%
Net Operational Expenditure	56,869	3,228	16,928	8,176	61%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.21.5

Capital Expenditure: Fire Services.

Capital Expenditure 2023/2024: Fire Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	15,688	24,640	6,925	-127%	
REFURBISHMENT OF FIRE ENGINES	1,000	1,000	–	0%	1,000
FIRE EQUIPMENT	500	200	–	0%	300
NEW FIRE STATION - BERLIN WARD 45	12,188	12,188	–	0%	4,000
REFURBISHMENT OF FIRE STATIONS	2,000	2,000	1,299	0%	3,313
FIRE ENGINES PROCURED	–	7,600	5,369	100%	12,969
FIRE EQUIPMENT		257	257	0%	12,861
REFURBISHMENT OF FIRE ENGINES		505	–	0%	850
NEW FIRE STATION - BERLIN WARD 45		890	–	0%	6,641
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.21.6

Overall comment on Fire Services.

MAJOR SERVICES AND PERFORMANCES

SUPPLY AND DELIVERY OF 9000L WATER TANKER

BCMM budgeted through the IDP for the supply and delivery of 1x 9000l Water Tanker truck with fitted pump for firefighting. The specialized firefighting vehicle was procured under Government Transversal RT57-2019 and was delivered to Fire & Rescue Services on 20 May 2024, at the total purchase price of R5 368 688.58 excl VAT.



FENCING OF VINCENT FIRE STATION AND DIMBAZA

The securing of Municipal property and equipment continues to be of paramount importance.

Fire & Rescue Services undertook the upgrading of the boundary wall to secure and protect the Vincent Fire Station through the installation of palisade fencing, including a gate and motor, utilizing an Annual Contract. The project was completed at a cost of R257 400 excl VAT.





Similarly, the Dimbaza Fire Station received upgrades through the installation of palisade security fencing at a cost of R1 042 000 excl VAT.
The variance on the project, Refurbishment of Fire Stations, totalling R701,000 will be requested to be rolled over to the 2024/2025 financial year to continue with the refurbishment of Vincent Fire Station.



CONSTRUCTION OF BERLIN FIRE STATION

The construction phase of a new Fire Station to be constructed in Ward 45, Berlin, being a project that commenced in the 2019/2020 financial year, was awarded on 6th May 2024 at an amount of R14 761 119,34 inclusive of VAT.

As at 30 June 2024 contractual documentation from the Service Provider in order to be compliant for commencement of actual construction was being finalized.

The actual construction is due in 2024/25.

The Berlin Fire Station project is a multi-year project which started in 2019/2020 with the planning and architectural phase. The tender was awarded in this financial year under review and construction will commence in the 2024/2025 financial year with construction probably being completed in the early part of 2025/2026 depending on how the project progresses. The project incurred no expenditure during the year under review due to it being at the Bid Committee stages.

T3. 21.7.

3.22. OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING & CONTROL, CONTROL OF PUBLIC NUISANCE AND OTHERS).

Introduction to disaster management, animal licensing & control, control of public nuisance & others.

The Disaster Management Centre (DMC) was established in terms of Section 43 of the Disaster Management Act, (Act. No. 57 of 2002) DMA and delivers on its legislative mandate as a sub-department in the Directorate of Public Safety and Emergency Services of Buffalo City Metropolitan Municipality.

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.

Vision	To achieve an integrated disaster risk management and emergency services, to adopt and inculcate a risk avoidance behaviour, to create resilient and safe communities the Buffalo City Metro Municipal Area.
Mission	•To mainstream effective and efficient disaster risk management and emergency services function which is executed by committed and empowered officials.

- 2023/2024 STRATEGIC OBJECTIVES OF THE DISASTER MANAGEMENT CENTRE.

During the year under review, the DMC aimed to:

TACTICAL RADIO NETWORK:

The Tactical Radio Network Project, a three-year pilot multi-year project aimed at creating a two-way communication network for the Directorate of Public Safety & Emergency Services, encompassing Disaster Management, Fire & Rescue Services, Traffic Services and Law Enforcement Services, was initiated in 2019/20, awarded in April 2021 and completed in April 2024 at a total cost of R8,822,692.11 (excl VAT). This facilitated the provision, installation and/or configuration of components and assets as per the tender specification.

The project was completed successfully and BCMM derived the benefits of having a functioning tactical radio network system throughout the Directorate of Public Safety & Emergency Services.

NEW DISASTER MANAGEMENT CENTRE PROJECT:

The BCMM Disaster Management Centre situated at the Fleet Street Fire Station does not meet the standard as per the Disaster Management Act.

A budget of R500,000 made available within the 2022/23 financial year was transferred to the Tactical Radio Network project in view of the non-availability of suitable sites to be identified on which to construct a new Disaster Management Centre.

In 2023/24, the department further engaged extensively with both the Land Administration and Architectural departments of BCMM to discuss alternative options, eg the procurement of an existing building to refurbish, however this was not feasible nor cost-effective in view of property sale prices and cost to refurbish.

Therefore, the budget allocation of R10,000,000 for 2023/24 was surrendered under the Financial Recovery Plan of the Institution in view of no site being identified as of December 2023.

A budget of R2,500,000 has been allocated under the 2024/25 financial year and will be utilised for the initial tests/assessments (EIA, geological, etc) regarding a site that has been tentatively identified for further investigation as to its viability.

It has been estimated by the department that BCMM would require a budget in the region of R60,000,000 to facilitate the construction of a new Disaster Management Centre, fully compliant with the Disaster Management Act.

The department commenced in 2023/24 with an operating project budget allocation of R1,000,000 for the Reviewal of the Disaster Management Policy Framework, this being a compliancy issue raised in numerous audits. Challenges were experienced in the procurement process which resulted in the Formal Tender not being awarded as of 30 June 2024. Provision in the amount of R500,000 has been made within the 2024/25 financial year for this project to re-commence, however the department will request additional budget in order to facilitate the appointment of a suitably qualified service-provider.

Provision of R500,000 has also been made in the 2024/25 financial year to address yet another compliance issue raised in audits, namely the Development of a Disaster Management Plan.

Through the Disaster Management Centre's participation in the IDP Innovative Workstream engagements, the centre has been able to identify and outline strategic objectives that effectively enabled the establishment of functional Disaster Management Intergovernmental structures (IGR). The IGR structures have been instrumental in ensuring compliance with section 44(1)(b) of the Disaster Management Act No. 57 of 2002 (DM Act). These IGR structures promote inter-governmental as well as interdepartmental liaison that enables key role-players to participate in disaster risk management activities and to coordinate their disaster risk management responsibilities.

The Disaster Management Centre has also forged strong working relations with the institutions Internal Audit, Risk Management and IDP departments. Through engagements with these departments the Disaster Management Centre was able to implement long, medium and short-term turn-around plans aimed at addressing audit findings, risk and integrated planning issues. The table below provides insight and a summary of the turn-around plan in support of the strategic objectives, as well as progress on the implementation thereof.

	STRATEGIC OBJECTIVE	PROGRESS
1	Establish functional Disaster Risk Management IGR structures, for stakeholder participation and engagement of technical advice for planning and operations by June 2024.	The Municipal Disaster Management Advisory Forum and Municipal Disaster Management Intergovernmental Risk Management Committee have been established and are functional.
2	Development and adoption of a Disaster Management, Response, Recovery and Rehabilitation Protocol by June 2024.	Disaster Management Response, Recovery and Rehabilitation Protocol, has been developed and was approved by the City Manager on 16 February 2024.
3	Development and implementation of Community Education, Training and Awareness Campaigns by June 2024.	A multisectoral community, education, training, and awareness campaigns plan was developed, and implemented.
4	Source and secure funds for the establishment of a new compliant disaster management centre by June 2024.	An MTREF budget of two-million and five-hundred thousand (R2,500 000.00) has been approved for the 2024/25 fiscal year. This budget will be used to commence with the initial steps towards the construction of the centre, which include land acquisition, work designs, and site feasibility studies or assessment.
5	Source and secure funds for the review of the Disaster Management Framework by June 2024.	An operational budget was approved by Council for the reviewal of the Disaster Management Policy Framework for the 2024/25 MTREF period. The 2014 policy framework will be reviewed accordingly to improve disaster management coordination and response within the Metro.

CLASSIFICATION OF DISASTERS

- The BCMM-DMC continues to address disaster-related matters in accordance with the Disaster Management Act (DMA). The classification of disasters remains the responsibility and competence of the NDMC and is executed in terms of section 23 of the DMA with the main aim being to:

a) Formally determine that a disaster exists.
b) Assign primary responsibility to a particular sphere of government for the coordination and management of the disaster.
c) Ensure that a sphere of government is accountable for the disaster.
d) Enable organs of state in other spheres to assist the sphere having primary responsibility, to deal with the disaster or its consequences.

- The Head of the National Centre, by the powers assigned by section 12 of the DMA, in terms of section 23(1)(b), is responsible to classify a disaster as a local, provincial, or national disaster.
- Section 49 of the Disaster Management Act, requires: —
- (1) When a disastrous event occurs or is threatening to occur in the area of a municipality, the disaster management centre of the municipality concerned must determine whether the event should be regarded as a disaster in terms of the Act, and, if so, must immediately—
  - *(a)* initiate efforts to assess the magnitude and severity or potential magnitude and severity of the disaster.
  - *(b)* inform the National Centre and the relevant provincial disaster management centre of the disaster and its initial assessment of the magnitude and severity or potential magnitude and severity of the disaster.
  - *(c)* alert disaster management role-players in the municipal area that may be of assistance in the circumstances; and
  - *(d)* initiate the implementation of any contingency plans and emergency procedures that may be applicable in the circumstances.

(2) When informing the National Centre and the relevant provincial disaster management centre in terms of subsection (1) (b), the municipal disaster management centre may make such recommendations regarding the classification of the disaster as may be appropriate.

T3.22.1.

Service statistics for Disaster Management, Animal Licensing & Control, Control of Public Nuisance and Others.

Magnitude and severity of disasters during the year

- The table below provides a summary and extent of disasters and related incidents that occurred during the financial year under review. All the incidents that occurred and were addressed in terms of normal sector departmental roles, responsibilities, and budgets.
- The following is a summary and analysis of these incidents:

Type of Incident	Date & Time	Area Affected	Description of Incident	Magnitude & Severity	Number of Deaths / Injuries	Intervention Provided
Disruptive Heavy Rains and Floods	14/02/2023 18:00 (PM) Approx.	Coastal, Midland and Inland Regions	Heavy rains resulting in localised flooding incidents.	• All 3 regions of the Metro were severely affected, with infrastructure such as roads, formal and informal houses being the most affected. • Damage assessments conducted indicated that a total of 34 houses were affected, with 19 sustaining severe damages and 15 minor damages.	No injuries or deaths reported.	• Multi-sectoral damage assessments were conducted, and social distress relief was provided. • Detailed damage and needs assessment reports were submitted to various sector for further interventions.
Disruptive Heavy Rains and Floods	23/03/2023 23:00 (PM) Approx.	Coastal Region	Heavy rains resulting in localised flooding incidents.	The Coastal Region of the Metro experienced heavy rainfall on 23/03/2023 resulting in flash floods and damage to houses and infrastructure.	No injuries or deaths reported.	
Gale-Force Winds	31/07/2023	Coastal, Midland and Inland Regions	Gale-force winds which caused severe damage to public and private infrastructure such as houses, electricity, roads, and other public infrastructure.	The damage assessments conducted at the affected wards, indicated that **5865** houses were affected with **2447** severely damaged and **3414** having minor damage and **4** were repaired by owners.	2 Fatalities 1 Injury	
Shack Fire	16/09/2023	Coastal Region. Nompumelelo Squatter Camp in Ndlovini, in ward 15.	Fires destroyed 57 shacks.	The assessment conducted indicated that 108 were affected, with sixty-three families left destitute.	No injuries or deaths reported.	
Shack Fire	18/12/2023 05:00 (AM) Approx.	Coastal Region. Mission Area in ward 4, under Cambridge Location.	Shack Fire	Eighteen (18) shacks were destroyed by fire, with those affected left destitute.		

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T3. 22.2.

Disaster Management, Animal Licensing & Control, Control of Public Nuisance and Others Policy Objectives taken from the IDP.

NB. No objectives on the IDP

T3. 22.3.

Employees: Disaster Management, Animal Licensing & Control, Control of Public Nuisance and Others

Employees: Disaster Management 2023/2024					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	4	4	2	2	50
7 - 9	1	1	1	0	0%
10 - 12	3	3	3	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	11	11	9	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.22.4					
Note: The content shown here refers to Disaster Management Only.					

Financial Performance: Disaster Management, Animal Licensing & Control, Control of Public Nuisance and others.

Financial Performance 2023/2024: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	0%
Expenditure:					
Employees	4,096	2,541	5,258	5,184	51%
Repairs and Maintenance	19	1,094	31	31	0%
Other	1,123	2,393	1,113	1,073	-123%
Total Operational Expenditure	5,238	6,028	6,401	6,288	4%
Net Operational Expenditure	5,238	6,028	6,401	6,288	4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.22.5

Capital Expenditure: Disaster Management, Animal Licensing & Control, Control of Public Nuisance and Others.

Capital Expenditure 2023/2024: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11,500	269	269	-4171%	
TACTICAL RADIO NETWORK	1,500	269	269	-457%	5,230
CONSTRUCTION OF NEW DISASTER MANAGEMENT CENTRE	10,000	–	–	0%	2,000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.22.6

Overall comment on Disaster Management, Animal Licensing & Control, Control of Public Nuisance and Others.

ESTABLISHMENT AND FUNCTIONALITY OF THE DISASTER MANAGEMENT CENTRE

The Disaster Management Centre is in the west wing at the Main Fire Station, Fleet Street, East London and consists of an administrative section, a full operations centre with server room, as well as information communications rooms. The centre also features storage and parking facilities, for Disaster Management vehicles.



The DMC is linked to the municipality's GIS server via intranet. This provides access to good quality maps and aerial photographs of the entire city. The DMC was designed in 2003 for the needs of a local municipality. The current building and associated capacity do not cater for the needs of a metropolitan municipality.





To address this challenge, Council approved a budget of R10 000 000 for the under review, however due to challenges encountered in identifying suitable land to construct the new Disaster Management Centre, the budget was requested to be adjusted out of the 2023/2024 financial year and given up for the financial recovery plan of the Institution. A budget of two-million and five-hundred thousand (R2,500 000.00) for the 2024/25 fiscal year has been provided for.







Completion of a Multi-Year Capital Project: Tactical Radio Network



This Project was initiated in the 2020/2021 financial year, with a purpose of providing a tactical radio network system to assist those departments responding to emergencies, e.g. fires, floods, natural disasters etc. The project progressed well and was completed in April 2024 at a total cost of R10,146,095, resulting in 4 Repeater Site installations; 8 Base Station installations, procurement of 175 mobile radios (164 installations into BCMM Vehicles - remainder as stock); and 106 portable radios procured and distributed to Public Safety & Emergency Services departments.

To address compliance issues raised in various Audit platforms, the department commenced with an operating project in 2023/24, namely Reviewal of the Disaster Management Policy Framework. A budget allocation of R1,000,000 facilitated a Formal Tender process, however, challenges experienced in the specification content resulted in delays and the project did not conclude by 30 June 2024.

Provision in the amount of R500,000 has been made within the 2024/25 financial year for this project to re-commence, however the department will request an additional budget in order to facilitate the appointment of a suitably qualified service-provider.

Another compliance issue, being that of the need for BCMM Disaster Management to develop a Disaster Management Plan, will be addressed in 2024/25, as the department has secured a budget of R500,000. It is envisaged however that this operational project will require an additional budget for the same reasons as set out above, and request will be made within the 2024/25 Mid-Year Budget Adjustment process.

Previously there have been no disaster management indicators expressed in the IDP. However, following the active participation the IDP assessment processes as well as the 2024/25 engagements of Workstream 1: An Innovative and Productive City, the Disaster Management Centre project will find expression in the indicators for Disaster Management.

The IDP indicators as relates to Disaster Management will also be project-oriented, and will further be linked to the Goals, Targets and Metrics of the Sendai Framework for Disaster Risk Reduction, which will focus

on the adoption of measures which address the three dimensions of disaster risk (exposure to hazards, vulnerability and capacity, and hazard's characteristics) in order to prevent the creation of new risk, reduce existing risk and increase resilience.

Amongst other, a significant project in this regard, commencing in 2024/25 under a Capital Budget of R750,000, will be development of an Early Warning System, that will assist with the monitoring and analysis of inclement weather and data and further enable the dissemination of accurate impact-based weather warnings.

Disaster Management Policy Framework

The Disaster Management Policy Framework was approved by Council under minute number BCMC 95/14 on 26 February 2014 and is due for review.
To ensure, compliance and alignment of the framework, a budget of R500 000.00 was approved by Council for the review of the policy framework during the 2024/25 fiscal year.



BUFFALO CITY METROPOLITAN MUNICIPALITY

TENDER

CONTRACT NO. & DESCRIPTION OF CONTRACT	COMPULSORY BRIEFING SESSION VENUE
CE:540 REVIEWAL OF THE DISASTER MANAGEMENT FRAMEWORK	Friday, 09 February 2024 @ 10 AM SUPPLY CHAIN MANAGEMENT UNIT TENDER BOARDROOM 80 PHILLIP FRAME ROAD CHISELHURST EAST LONDON
CIDB GRADING	N/A

Evaluation Criteria: 80/20 Price = 80 BBBEE Points = 10 Specific Goals = 10
Submit a B-BBEE Certificate (to claim preferential points)

All Technical Enquiries: Mr Lunga Mnqukwa Email: LungaMn@buffalocity.gov.za
All Procedural Enquiries: RutanieL@buffalocity.gov.za

Additional objective criteria as per section 2(1)(f) of the PPPFA, will apply, as indicated in the tender document and which may include, but is not limited to:

- Poor Track Record of the preferred bidder
- Unrealistic Price offering which is not market related
- Unrealistic own conditions set by the bidder

Disaster Management Plans

Section 53 of the Disaster Management Act 57 of 2002 states that:

Each municipality must, within the applicable municipal disaster management framework.

prepare a disaster management plan for its area according to the circumstances prevailing in the area,
co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players,
regularly review and update its plan, and
through appropriate mechanisms, processes, and procedures.

The Disaster Management Amendment Act, 16 of 2015, also requires sector departments to plan and budget for Disaster Management in the areas of responsibility. This must include Climate Change and vulnerable groups. Buffalo City Metropolitan Municipality does not have a disaster management plan in place. To address this situation, the Council has approved budget of R1,500 000 over an MTREF period transversing over the 2024/25 and 2025/2026 financial years, to develop a disaster management plan.

Generic Disaster Management Plans

Buffalo City Metropolitan Municipality has the following generic response plans in place:

Aircraft Emergency Plan
Communication Plan
Epidemic Plan
Evacuation of High-Risk Institutions
Hazmat Plans
Mass Causality Plan
Coastal Oil Spill Plan
Sewage Spill Plan
Shack Attack Plan
Stay Away Plan
Welfare Plan
Winter Season Plan

To encourage and ensure the utilization of these plans, a process to decode them into Standard Operating Procedure (SOPs) and Field Operations Guides (FOGs) is underway. The conversion of these plans will be phased in as capacity is built and technical task teams are established. In addition, the plans should be evaluated and updated every three-years.

T3. 22.7.

COMPONENT H: SPORT & RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

Introduction to sport & recreation.

T3. 23.

3.23. SPORT & RECREATION

Introduction to Sport & Recreation.

The Directorate of Sports, Recreation and Community Development is made up of three (3) Departments namely, Department of Parks, Cemeteries and Crematorium; Department of Community Development; and the Department of Sport Development, Facilities and Recreation. The Department of Community Development is responsible for the Management of Library Services, Community Halls, East London Zoo and East London Aquarium. The Department of Sport Development, Facilities and Recreation is responsible for the Management of Sport Development Programmes, Sport Facilities, Swimming Pools, Heritage Sites and Heritage Programmes, Resorts and Caravan Parks.

Recreation.
BCMM has a total of 106 Parks across the three Regions (Coastal, Midlands and Inland)

The Parks Department is responsible for the enhancement of the natural environment through the development, maintenance and management of Community Parks, Picnic sites, Nurseries and Horticultural activities.

Community Development
Under Community Development we have Community Halls, Libraries, Zoo and Aquarium
Community Halls and Libraries

Libraries
Buffalo City Metropolitan Municipality manages 18 libraries, 2 mobile libraries, 3 Prison Depots and 3 Old Age Home Depots, with 96 318 Subscribers on behalf of the Provincial Government.
There is a need to extend the library service to Rural communities where the service is in high demand. Upgrading the existing Libraries by means of electronic media such as the Overdrive Press Reader, will make the services accessible to all community members without the patrons having to commute to a library, as well as Mobile Services.

Halls

BCMM manages 36 tariff-levying halls. After a survey conducted more than 90 facilities within the City's jurisdiction it was determined that these facilities fall into two categories, namely:

- Tariff-levying halls which are managed by BCMM of which there are 36 which were inherited from the erstwhile East London and Qonce (previously known as KWT) Transitional Local Councils. These halls have an operating budget and staff.
- Non-tariff levying halls of which there are 53 and which were primarily constructed by the Amathole District Municipality. Council levies no tariff for these halls (despite previous requests) as they have no operating budget, and no staff. It is also considered onerous for rural communities to book the facilities as there are only 3 booking points.

Zoo and Aquarium

- The Marine and Zoological Services comprises of the East London Zoo and East London Aquarium. These Amenities contribute to the upliftment and wellness of the communities by conservation of the environment, the education of the communities about aquatic and wildlife animals; and provides for recreation and leisure programmes for communities.
- The Aquarium and Zoo offer a variety of aquatic and wild animals for public display and education about these animals. The East London Zoo and East London Aquarium are amongst the oldest in the Country. The Aquarium is located along the Beachfront / Esplanade and the Zoo is within Natural Green Space close to Parkdene Community and EL Central Business District. School Groups including those from historically disadvantaged areas that visit the Zoo and Aquarium pay a school group tariff which reduces the financial strain on the schools and that ensures access to the two facilities. Both the Zoo and Aquarium are very popular and host many schools that come as far as from Alfred Nzo, O.R Tambo, Chris Hani, Joe Gqabi and around Amathole District Municipalities.

Sport Development, Facilities and Recreation

Sport Development

- The Sport Development Division manages sport development for the entire BCMM Coastal, Midland and Inland Region. Sport, especially team sports, provide a chance to engage in friendly and satisfying challenges with others and can provide social benefits by allowing you to connect with other people. Sport Development Unit works together with BCM Sport Council, Local Sport Council and sport federations in identifying the challenges and promoting sport development in all BCMM Wards.

Sports Facilities

- The Sports Facilities Division has a total of 96 sporting facilities. These facilities include formal and informal facilities. The formal facilities are those that are tariff levying which includes complexes and stadia with change rooms and ablutions in most cases. The informal facilities are non- tariff levying and consist of a more basic infrastructure such as goal posts and grassing.
- These facilities cater for sporting codes like cricket, soccer, rugby, tennis, hockey, athletics, netball, tennis, table tennis and softball. They are used by local associations, provincial, national sports federations and schools. They also cater for events like music concerts/rallies. Some of the major sports stadia are the Sisa Dukashe Stadium which can host Premier Soccer League matches due to meeting the standards. Selborne Park Tennis Stadium is the home to tennis in the region. The Buffalo Flats and Masingata, Breidbach and Bunkershill cricket stadiums are home to premier club cricket as well as provincial cricket.
- Vandalism and theft is still a major problem at sports facilities. This creates an additional burden on the repairs and maintenance budget and affects the readiness of facilities.
- There is a need to seriously consider the use of accredited and professional security services to safeguard our assets. There is also a need to secure more funding to address the needs identified during the IDP processes about upgrading of sports facilities.

BCMM Swimming Pools

BCMM comprises of six (6) Swimming Pools, and they are spread as follows:

- **Three In Coastal** – Joan Harrison Swimming Pool, Orient swimming pool, and Ruth Belonsky swimming pool. Joan Harrison is an Olympic swimming pool with 5 pools inside the complex, 2 water polo pools, main pool, diving pool and baby pool for kids from 0 to 6 years
- **One In Midland** – Mdantsane swimming pool that is still under redevelopment. Mdantsane is also going to be an Olympic swimming pool, phase one is main pool and baby pool, whereby phase two is going to be water polo and Diving pool.
- **Two Inland** - KWT swimming pool and Zwelitsha swimming pool.

Gonubie Holiday Resort and Caravan Park

- BCMM Resort comprises of Nahoon Caravan Park which has 53 camping sites, and Gonubie Resort with 20 wooden chalets that accommodate 108 people, 83 camping sites and Dining hall and recreation hall. Resort accommodates National and International Guests
- Resort has been awarded a 3 Star Grading by Tourism Grading Council of South Africa.

T3. 23.1.

Sport and Recreation Strategic Objectives Taken from the IDP.

Not on the IDP

T3. 23.2.

Service statistics for Sport facilities.

Number of users of sport facilities for the period 01 July 2023 to 30 June 2024

#	Facility	No. of visitors
1	individuals, sports clubs, sports associations etc	308 550

T3.2.

Employees: Sport & Recreation

Employees: Sport and Recreation					
Job Level	Year -2022/23	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	171	181	165	16	9%
4 - 6	127	134	126	8	6%
7 - 9	29	33	28	5	15%
10 - 12	12	13	12	1	8%
13 - 15	6	6	6	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	346	368	338	30	8%

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

Financial Performance: Sport & Recreation.

Financial Performance 2023/2024: Sport and Recreation					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5,723	6,696	6,696	3,131	-114%
Expenditure:					
Employees	70,456	72,428	77,566	77,435	6%
Repairs and Maintenance	5,512	4,762	3,027	3,027	-57%
Other	29,206	23,036	15,976	13,132	-75%
Total Operational Expenditure	105,173	100,226	96,569	93,594	-7%
Net Operational Expenditure	99,451	93,529	89,873	90,463	-3%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.23.4

Capital Expenditure: Sport & Recreation.

Capital Expenditure 2023/2024: Sport and Recreation					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	16,500	21,063	18,789	12%	
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	5,000	5,000	2,726	-83%	6,168
UPGRADING OF SPORTSFIELDS	5,500	5,715	5,715	4%	10,780
BUILDING OF MEMORIAL STONES	1,000	972	972	-3%	3,444
RESTORATION OF HERITAGE SITES	1,000	862	862	-16%	2,557
REFURBISHMENT OF SWIMMING POOLS	4,000	3,662	3,662	-9%	5,264
BUILDING OF SWIMMING POOLS AT GONUBIE RESORT		618	618	100%	618
REDEVELOPMENT OF MDANTSANE SPORT PRECINCT NU2 SWIMMING POOL		3,779	3,779	100%	8,900
CONSTRUCTION OF OFFICES AT NAHOON CARAVAN PARK		455	455	100%	455
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.23.5

Overall comment on Sport & Recreation.

The Swimming Pool's capital projects were the priorities for the 2023/2024 FY and no challenges experienced in completing the capital projects.
Redevelopment of Nu 2 Swimming Pool is still work in progress (WIP). The contractor terminated themselves from the project and now the department is busy finalising the specification to complete the project.

Resort projects for year 2023/2024 FY were completed and had no challenges. Except the building of swimming pool that was awarded in May 2024 just before the year end. The project is now partially complete and will be completed by the end of November 2024.

Construction of Nahoon Caravan offices: Project is completed.

Sports Facilities
Sports Facilities section has managed to upgrade the following facilities in the 2023/2024 FY:

1) Upgrading of Gompo Stadium - fencing:
The project was completed with no challenges

2) Upgrading of Amalinda Stadium – fencing:
The project was completed with no challenges

3) Upgrading of Sisa Dukashe Stadium Grandstand:
As of July 2024, the service provider has been put to terms and conditions in terms of the General Conditions of Contract, and processes are currently underway in consultation with Legal Services to terminate the contract.

The project is 50% complete.

T3. 23.7.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, property services.

Introduction to Corporate Services.

Corporate Policy Offices play a significant role in driving the achievement of good governance. Development and implementation of a comprehensive suite of policies and strategies, the implementation of effective management practices and controls and tailored service delivery improvement plans are Corporate Policy Offices' main focus areas. Visionary leadership and adaptive capacity, resilience, responsiveness, innovation and financial prudence are our strategic levers of effectiveness. The Policy Offices' focus in the financial year under review was on improving financial prudence, promoting legislative compliance and developing and implementing adequately tailored policies.

These further focused on modernising the institution's operations by improving ICT systems and applications used to support efficiencies, building effective institutional capacity to deliver through incentives alignment, improving labour relations and establishing long-term partnerships for growth and development. The objective is to build a capable local state, establish long-term fiscal strength, and strengthen a developmental and participatory governance approach and delivering impactful programmes and an improvement in service delivery

The ICT policies are structured to provide good governance on the utilization of ICT Equipment and Services. The policies also provide best practice and effective mechanism on how to reduce cybercrimes and illegal actions on BCMM ICT environment. The ICT policies ensure business continuity for BCMM applications in an event of a disaster.

T3. 24.

3.24. EXECUTIVE COUNCIL.

Introduction to Executive 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.

In terms of achievement:
1) Dimbaza Industrial Area has been supported within the year under review.
2) Community Dialogue was established to create a platform for community engage.
3) Ward Committees had two training sessions for effective community participation

T3. 24.1.

Service statistics for Executive Council.

The adoption of the Separation of Powers model in 2011 necessitated the establishment of Section 79 Committees, which are political structures envisaged in the Municipal Structures Act, and which monitor and evaluate the performance of the executive and departments. 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 portfolio committees perform an oversight role by monitoring the delivery and outputs of the Executive. These committees do not have any delegated decision-making powers.

Each Ward Councillor chairs a ward committee as part of the Ward Participatory System that encourages participation at community level. Ward Councillors, as representatives of wards, have a responsibility to make sure that the voices of the communities in their respective wards are heard in Council and its structures.

The Mayor is assisted by the Mayoral Committee, made up of ten Councillors. Various Mayoral Cluster Committees process the work of the Mayoral Committee.

T3. 24.2.

Executive Council Policy Objectives taken from the IDP.

Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/2025	2025/2026	
		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									
A Well Govern City	Total increase in the amount of revenue collected for traffic fines	R5,500,00.00	R11,507,630.21	R5,500,00.00	R5,500,00.00	R10,642,144.41	R8,000,000.00	R8,000,000.00	R8,000,000.00
A Green City	Number of Waste Diversion Garden Transfer stations Established (Phase 1)	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)	1	4	4
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	Percentage of unsurfaced roads graded	4.48% (60 km)	5,33% (69,3km)	4.48% (60 km)	4.48% (60 km)	4.48% (60 km)	4.48% (60 km)	4.48% (60 km)	4.48% (60 km)
A Spatially Integrated City	Number of Community Halls Upgraded	0	0	0	5	5	6	6	6
									T 3.24.3

Employees: Executive Council

Employees: The Executive and Council					
Job Level	2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	22	14	8	36%
4 - 6	69	82	54	28	34%
7 - 9	44	55	40	15	27%
10 - 12	29	30	26	4	13%
13 - 15	8	10	9	1	10%
16 - 18	7	9	7	2	22%
19 - 20	5	5	5	0	0%
Total	179	213	155	58	27%
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					

Financial Performance: Executive Council.

Financial Performance 2023/2024: The Executive and Council					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17,686	19,818	16,382	16,380	-21%
Expenditure:					
Employees	170,796	151,905	161,643	161,477	6%
Repairs and Maintenance	2,187	1,117	751	751	-49%
Other	214,432	262,232	222,147	209,818	-25%
Total Operational Expenditure	387,416	415,255	384,541	374,989	-11%
Net Operational Expenditure	369,729	395,437	368,160	358,609	-10%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.24.5

Capital Expenditure: Executive Council.

Capital Expenditure 2023/2024: The Executive and Council					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,100	816	390	-182%	
OFFICE FURN AND EQUIPMENT DIRECTORATE)	500	228	228	-120%	500
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500	500	74	-573%	500
OFFICE FURNITURE AND EQUIPMENT-EPMO	100	88	88	-13%	100
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.24.6

Overall comment on Executive 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.

T3. 24.7.

3.25. FINANCE

Introduction to Finance.

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 every month and sent to customers. On 01 July 2023 the results of the General Property Valuation were implemented in terms of Legislation. The Revenue Management Department also implemented supplementary valuations during the financial year. Property owners were afforded the opportunity to lodge disputes against their valuation and these were attended to during the financial year. Where applicable adjustments were made to the accounts.

The Municipality continues to experience challenges in the posting of municipal accounts via the South African Postal Service. This has a negative impact on the municipality's cash collection and cash flow. The municipality continued to send electronic statements. Customers were also able to access their monthly statements via the municipal web portal. During the financial year, where the municipality was not able to read meters', interim readings based on historical consumption were charged.

Debt Collection

The priority of the Department was to increase the collection of debt and to reduce the debt book. Unfortunately, BCMM was not able to meet the collection rate target of 78% but rather 71.29% related to rates and service charges. Despite the implementation of Debt Collection action in the form of telephone calls, pre-termination notices, suspension or blocking of electricity, the collection rate in 2023/2024 declined. This was evident in the continued increase in outstanding debt in respect of rates and service charges. Due to the economic pressures on the residents of Buffalo City a large proportion of communities have found it difficult to pay for their rates and service charges on a monthly basis. Customers find it increasingly difficult to keep up with the increased cost of living as well as Tariff increases in respect of Rates and Service charges. The Municipal Council extended the debt incentive scheme in order to assist customers with the payment of their accounts and affording them the opportunity of a debt write off of older debt, however many customers are not able to find the payment required for the debt to be written off.

Measures taken to improve performance

The following measures were implemented:

- Continued disconnection of electricity meters and blocking of prepayment meters in terms of the credit control policy.
- Implementation of a community outreach programme to assist the consumers with the management of their accounts and resolving of queries. Also to raise awareness of the metro's interventions such as the installed smart meters, query portals and online statement portal.
- Analysis of returned mail resulting in rectification of postal addresses and a reduction in returned mail.
- Updating of consumer data, to ensure that credit control action in the form of telephone calls, SMS notification and letters to customers where applicable.
- Continued Implementation of the Revenue Enhancement Strategy, specifically to enforce the debt collection action.
- Debt write-off in respect of indigent and uncollectable debt.

T3. 25.1.

Debt Recovery Measures for Finance.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2022/2023		2023/2024			(2024/2025)	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	1,783,692	84%	1,937,395	1,937,395	76%	1,956,769	76%
Electricity - B	132,005	83%	133,804	133,804	95%	135,142	95%
Electricity - C	1,334,717	93%	1,352,909	1,352,909	95%	1,366,438	95%
Water - B	66,647	63%	64,282	64,282	42%	64,925	42%
Water - C	885,448	63%	854,027	854,027	42%	862,567	42%
Sanitation	471,828	77%	559,512	559,512	64%	565,107	64%
Refuse	363,736	63%	497,243	497,243	47%	502,215	47%
Other	145,481	50%	133,471	133,471	52%	134,806	52%
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							T 3.25.2

Concerning T 3.25.2

To calculate the % collected per service, the amount collected is divided by the amounts billed for the 2023/2024 financial period. *T3.25.2.*

T 3.25.2.1

Finance Policy Objectives taken from the IDP.

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/23		2023/2024					
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		2024/2025	2025/2026	2026/2027
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
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%	7.15%	5.00%	5.00%	5.61%	5.00%	5.00%	5.00%
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%	12.51%	10.00%	10.00%	11.44%	10.00%	10.00%	10.00%
% revenue Collection Rate as measured in accordance with the MSA performance regulations	% revenue Collection Rate as measured in accordance with the MSA performance regulations	85.00%	82.05%	85.00%	78.00%	71.29%	77.00%	80.00%	85.00%
Number of Smart Meters installed	Number of Smart Meters installed Electricity	9000	8672	9000	Project On Hold	N/A	Project On Hold	N/A	N/A
Number of Smart Meters installed	Number of Pre- paid Smart Meters installed Electricity	45000	32663	45000	Project On Hold	N/A	Project On Hold	N/A	N/A
Number of Smart Meters installed	Number of Smart Meters installed Water	126000	110297	126000	Project On Hold	N/A	Project On Hold	N/A	N/A
Percentage of registered billing queries	Accurate Billing of accounts	Less than 3,5% of the total billing	0.49	Less than 3,5% of the total billing	Less than 3,5% of the total billing	0.31%	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	95%	95.60%	95%	95.00%	98.43%	95.00%	96.00%	96.50%
Percentage of budgeted rates revenue collected	% revenue Collection Rate as measured in accordance with the MSA performance regulations	85%	91,72%	85%	78.00%	74.00%	78.00%	80.00%	81.00%

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/23		2023/2024					
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		2024/2025	2025/2026	2026/2027
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
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	400	100	400	400	429	400	400	400
T.3.25.3									
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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 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.									

Employees: Finance

Employees: Financial Services					
Job Level	Year -22/23	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	32	34	31	3	9%
4 - 6	328	358	335	23	6%
7 - 9	83	106	93	13	12%
10 - 12	41	51	47	4	8%
13 - 15	16	25	20	5	20%
16 - 18	9	13	13	0	0%
19 - 20	2	4	3	1	25%
Total	511	591	542	49	8%
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 3.25.4					

Financial Performance: Finance.

Financial Performance 2023/2024: Financial Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3,317,630	3,750,743	3,764,743	3,816,349	2%
Expenditure:					
Employees	219,822	362,213	377,161	377,090	4%
Repairs and Maintenance	5,364	16,114	6,306	55,577	71%
Other	462,782	634,512	597,740	516,242	-23%
Total Operational Expenditure	687,968	1,012,840	981,208	948,908	-7%
Net Operational Expenditure	(2,629,662)	(2,737,903)	(2,783,536)	(2,867,441)	5%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.25.5

Capital Expenditure: Finance.

Capital Expenditure 2023/2024: Financial Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	91,627	103,170	44,679	(0)	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	499	499	0%	–
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	1,500	2,000	1,914	22%	–
COST REFLECTIVE TARIFF SOLUTION c/o	2,494	–	–	0%	2,500
METER READING SYSTEM c/o	949	764	–	0%	4,408
SMART METERING SOLUTIONS (ELECTRICITY)	–	13,953	13,953	100%	113,475
SMART METERING WATER SOLUTIONS	56,438	77,372	27,601	-104%	205,233
SMART METERING WATER SOLUTIONS c/o	–	–	–	0%	
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc)	3,000	–	–	0%	47,516
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc) c/o	–	–	–	0%	
ERP SYSTEM c/o	7,061	5,854	–	0%	–
ALTERATIONS OF ZONE 11 BUILDING ERF 2460	–		–	0%	
ASSET REPLACEMENTS - INSURANCE	10,000	728	652	-1434%	8,044
BACK-UP GENERATORS	–	–	–	0%	

Capital Expenditure 2023/2024: Financial Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
REHABILITATION OF CASH OFFICES	–	–	–	0%	
CONSTRUCTION OF OFFICE ACCOMMODATION	2,000	2,000	60	-3223%	4,560
CONSTRUCTION OF OFFICE ACCOMMODATION c/o	7,686	–	–	0%	3,186
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.25.6

Overall comment on Finance.

Financial Services budgeted to receive revenue of R3.764 billion, of the budgeted amount 101% was received, which amounted to R3.816 billion. The budgeted expenditure for the directorate amounted to R0.981 billion of which 97% (R0.948 billion) was spent. The budgeted net operational expenditure amounted to R2.783 billion and the actual being R2.867 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 R0.103 billion and 43% (R0.044 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.
T3. 25.7.

3.26. HUMAN RESOURCES

Introduction to Human Resources.

Human Resources consists of two Departments, namely: Human Resources Management, and HR Performance & Development. Human Resources are responsible for the following key functional areas:



Recruitment involves the advertising of vacant funded posts to attract suitable candidates and selection involve shortlisting only candidates that meet the minimum requirements.

Interview processes are in strict compliance with the approved Staff Provisioning Policy approved by Council in August 2023.

New appointees are inducted and made aware of relevant policies and benefits.

The section is promoting and maintaining sound labour relations by rendering appropriate advice and guidance on labour relations matters to managers, supervisors and employees, as well as consulting with unions on matters of interest, when required.

This function includes assisting and advising employees, managers and unions on labour relations issues and by doing so, ensures sound labour relations in the workplace.

The Department has been conducting road shows with all Departments on matters relating to Human Resources.

Job Evaluation Unit is responsible for the implementation of the Job Evaluation Process within Buffalo City Municipality. It is undertaken in line with the SALGA Job Evaluation Policy as approved by Council.

The Organisational Development Division has been involved with the review of the organisational structure that is pending further consultation, including the development of a proposed governance/oversight model that is also pending further consultative processes. Organisational Development has provided support to the Job Evaluation project with the quality controlling of job descriptions and has also been involved with various OD Interventions.

Policies have been aligned to the Municipal staff regulations and approved by Council in August 2023.

The Job evaluation process has been completed as well as the implementation of appeals. The unit will commence with the maintenance phase in the new financial year.

Due to the implementation of the financial recovery plan progress has been made with filling of vacant funded posts as well as implementing Job Evaluation and Appeal results.

T3. 26.1.

Service Statistics for Human Resources.

Movement	No
Staff Compliment	5252
Councillors	100
Traditional leaders	3
Interns	59
Terminations	243
Appointments	127

T3. 26.2.

Human Resources Policy Objectives taken from the IDP.

Not on the IDP

T3. 26.3.

Employees: Human Resources

Employees: Human Resource Services					
Job Level	2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	7	7	0	0%
4 - 6	0	10	10	0	0%
7 - 9	0	38	35	3	8%
10 - 12	0	31	26	5	16%
13 - 15	0	8	8	0	0%
16 - 18	0	7	5	2	29%
19 - 20	0	2	2	0	0%
Total	0	103	93	10	10%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4

Financial Performance: Human Resources.

Financial Performance 2023/2024: Human Resource Services					
R'000					
Details	2022/2023	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15,685	10,851	10,625	14,951	27%
Expenditure:					
Employees	114,753	81,856	103,716	103,698	21%
Repairs and Maintenance	–	190	141	6	0%
Other	32,703	48,910	43,490	42,015	-16%
Total Operational Expenditure	147,456	130,956	147,347	145,719	10%
Net Operational Expenditure	131,771	120,105	136,722	130,768	8%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.26.5

Capital Expenditure: Human Resources.

Capital Expenditure 2023/2024: Human Resource Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6,490	2,435	1,445	-349%	
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500	105	105	-375%	500
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM	4,000	1,340	1,340	0%	4,000
PAY DAY ELECTRONIC ATTENDANCE SYSTEM FOR BCMM	1,990	990	–	0%	1,990
OFFICE FURNITURE AND EQUIPMENT FOR INTERNS	150	146	145	100%	150
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.26.6

Overall comment on Human Resources.

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 2023 to 1 July 2024.

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.

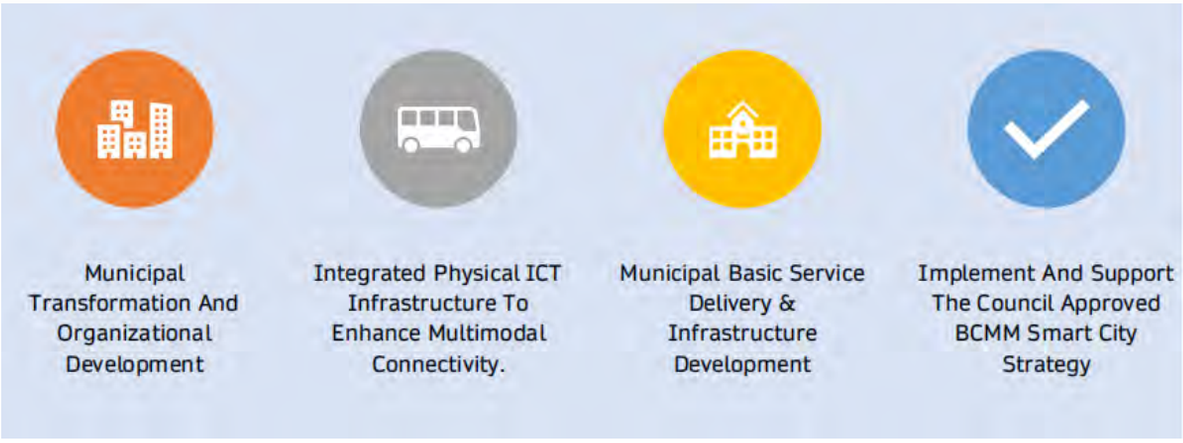
The Municipality is currently undertaking the Review/Appeal process, which is being facilitated by an external service provider. The proposed Macro structure has been developed and is pending the consideration of the City Manager, Mayoral Committee, and Council. The review of the Microstructure is planned to take place during the 2023/2024 financial year.

T3. 26.7.

3.27. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Introduction to ICT Services.

The Information Technology and Support Department, is the enabler of Information Communication and Technology (ICT) to the institution and has a mandate which is guided by the ICT Strategy which feeds onto the Metro Growth and Development Strategy (MSDG) vision 2030, targeting key strategic focus areas in the Integrated Development Plan, namely:



ICT GOVERNANCE

ICT Governance structures that are fully operational are:

ICT Change Advisory Board (CAB)
The ICT Change Advisory Board plays a crucial role in evaluating, approving, and overseeing changes to the ICT environment to ensure they align with organizational objectives, to minimize risks, and maintain operational stability.

ICT Security Review Board (SRB)
The ICT Security Review Board is responsible for assessing and mitigating security risks within an organization's information and communication technology infrastructure, safeguarding data, systems, and operations from potential threats and vulnerabilities.

ICT Operations and Projects Forum
The ICT Operations and Projects Forum serves as a collaborative platform where stakeholders discuss, plan, and coordinate information and communication technology operations and projects to enhance efficiency and alignment with organizational goals.

Disaster Recovery Planning Forum
The Disaster Recovery Planning Forum is a crucial forum that strategizes and coordinates efforts to develop and maintain comprehensive disaster recovery plans, ensuring business continuity and resilience in the face of unforeseen catastrophic events.

ICT Steering Committee
The ICT Steering Committee functions as a governing body that sets strategic direction, priorities, and policies for information and communication technology initiatives to align them with the organization's overarching goals and objectives.

ICT POLICIES

The following policies have been developed and presented to Council structures:

#	Policy	Policy Status
1	Application Development Policy	Draft.
2	Application Support Policy	Draft.
3	Asset Management Policy	Draft.
4	Backup Policy	Draft.
5	Change Management Policy	Draft.
6	Cloud Computing Policy	Draft.
7	Disaster Recovery Plan Policy	Draft.
8	Security Policy	Draft.
9	User Account Policy	Draft.

*The reviewed policies are in draft format. The process towards council approval has commenced.

ICT SECURITY

Improved ICT security that includes:

a) Firewall Enhancements and Monitoring
   - Security Analysis Report
   - Threat Report

b) Application Security Enhancements
c) User awareness ServiceDesk notifications on ICT Security Risks
d) Blocked various malicious and phishing spam
e) Upgraded various BCMM computer machines using Windows 10 to Windows 11
f) Management of user accounts through ongoing reconciliations on Active Directory

NETWORK INFRASTRUCTURE AND INTERNET CONNECTIVITY

An improved ICT Network that includes:
The development and execution of an expansive fibre connectivity network through implementation of following radio links:

- Bhisho to Epol Radio Link
- Bhisho to Zwelitsha Radio Link
- Cecilia Makiwane Hospital to Zone 6 Mdantsane Radio Link
- Buffalo Flats WT – Electrical Stubby installation
- Duncan Village Ward 7
- Greenfields OPGW Fibre and 45 Commercial Rd

DISASTER RECOVERY TESTING

The ICT department successfully conducted a recovery test of the key municipal system on the 18th of May 2024. This critical exercise served to validate the DR plan, identify critical roles and responsibilities, and refine emergency procedures.

This exercise of testing of ten (10) critical systems/applications, each with a recovery time objective and recovery point objective of less than 6 hours. The testing session was attended by officials from the ICT Department, system users (end-users), and a representative from the Internal Audit Department.

BUSINESS MODENISATION AND OFFICE AUTOMATION

The ICT department finalised the Data Migration from Document to Microsoft SharePoint to enable a single enterprise content management capability for BCMM.

The ICT department together with the EPMO and GIS unit launched the AFLA system. The system manages automation of spatial development processes such as:

- Wayleave Application Management System (WAMS)
- Property and Lease Application Management System (PLAMS).
- Building Plan Application Management System (BPAMS)
- Town Planning Application Management System (TPAMS

The ICT department together with HR Performance and Development and IDP unit have deployed the organisational Performance Management System for the management of organisational reporting, automated organisational and individual performance.

MEASURES TO IMPROVE ICT PERFORMANCE

- Developed an ICT Operating Model
- Developed and ICT Micro Organisational Structure
- Implementation of monitoring mechanism of ICT Projects through the Project s forum
- Renewed Terms of Reference for the ICT Steering Committee and new member were appointed
- The Change Advisory Board and Security Board ensured that all changes and security vulnerabilities were addressed in the sittings of both committees
- Training was provided to ICT employees on various cutting-edge technologies.

T3. 27.1.

Service Statistics for ICT Services.

The ICT unit received 2182 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 6931incidents, which related to challenges with:

a) Network
b) Desktops/Laptops
c) Electronic mail
d) Applications
e) Storage
f) Security
g) Printers
h) Smart Tabs

T3. 27.2.

ICT Services Policy Objectives taken from the IDP.

ICT Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2022/2023		2023/2024			2024/25	2025/26	
		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									
Connected City	Number of Municipal Offices and Halls with Wi-Fi hotspots installed	1	1	1	1	1	1		
	Number of BCMM halls and offices with Fibre Network installed	2	1	1	1	1	1		
Capacitate City Infrastructure	Number of Servers procured for Disaster Recovery	4	1	1	1	1	1		
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incoporated 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 2022/2023 Budget/IDP round; *'Current Year' refers to the targets set in the 2023/2024 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.27.3

Employees: ICT Services

Employees: ICT Services					
Job Level	2022/2023	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	2	0	0%
4 - 6	0	1	1	0	0%
7 - 9	0	6	5	1	17%
10 - 12	0	21	17	4	19%
13 - 15	0	10	8	2	20%
16 - 18	0	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	0	41	34	7	17%

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

Financial Performance: ICT Services.

R'000					
Details	2022/2023	2022/2023			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1	777	777	282	0%
Employees	45,852	47,285	47,623	47,623	1%
Repairs and Maintenance	6,616	9,036	3,825	3,552	-154%
Other	49,221	53,675	46,662	47,123	-14%
Total Operational Expenditure	101,689	109,996	98,110	98,298	-12%
Net Operational Expenditure	101,688	109,219	97,333	98,017	-11%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.27.5

Capital Expenditure: ICT Services.

Capital Expenditure 2023/2024: ICT Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4,000	4,595	3,254	-23%	
FIBRE NETWORK	1,000	1,000	743	-35%	743
DISASTER RECOVERY ENHANCEMENT	1,000	671	671	0%	671
PROCUREMENT OF ICT EQUIPMENT	1,000	1,000	1,180	15%	1,180
WI-FI	1,000	1,000	–	0%	1,000
SERVER HARDWARE (Application and Database) c/o		924	660	100%	660
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.27.6

Overall comment on ICT Services.

The ICT Department has made significant progress in enhancing service delivery and operational efficiency. The successful implementation of key infrastructure projects, including the expansion of fibre connectivity and the introduction of radio links, has significantly improved the network infrastructure and internet connectivity. These enhancements have facilitated improved internet reliability, seamless communication, and a robust ICT infrastructure, which underpins the institution's broader operational framework.

In addition, the department's strategic focus on disaster recovery and business modernisation has yielded commendable outcomes The recent disaster recovery testing of key municipal systems demonstrated the department's commitment to ensuring business continuity in case of unforeseen disruptions. The migration to Microsoft SharePoint for document management and the deployment of automated systems, such as the AFLA platform for spatial development, development have streamlined processes and improved service delivery. These initiatives have not only enhanced efficiency but also centralised critical data, enabling more effective cross-departmental collaboration and decision-making.

The introduction of monitoring mechanisms through forums like the ICT Operations and Projects Forum have enhanced project execution and accountability. Service statistics reveal the department's responsiveness, handling thousands of incidents and equipment requests, demonstrating its capacity to address user needs and resolve technical issues swiftly. Overall, the ICT department's performance has led to improved service delivery and operational continuity.

Major projects included the development and execution of an expansive fibre connectivity network through implementation of following radio links:

- Bhisho to Epol Radio Link
- Bhisho to Zwelitsha Radio Link
- Cecilia Makiwane Hospital to Zone 6 Mdantsane Radio Link
- Buffalo Flats WT – Electrical Stubby installation
- Duncan Village Ward 7
- Greenfields OPGW Fibre and 45 Commercial Rd

T3. 27.7.

3.28. PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

Introduction to Property, Legal, Risk Management and Procurement Services.

The Buffalo City Metropolitan Municipality (BCMM) has a very large portfolio of Capital Assets, Land, Buildings and Facilities of different uses, from which it delivers services to the community.
The department is responsible for:



PROPERTY MANAGEMENT DEPARTMENT

The Buffalo City Metropolitan Municipality (BCMM) has a very large portfolio of Capital Assets, Land, Buildings and Facilities of different uses, from which it delivers services to the community.

These services are delivered through the following Divisions:

a) **The Estates Management Division** consists of the following Branches: Property Management and Land Reform and Transactions
b) **Property Management** manages the Municipal Property Portfolio and is responsible for acquiring and allocation of office space for Councillor's and Municipal Directorates, Inspections and Insurance.
c) **Land Reform and Transactions** is to support land restitution programs for people dispossessed by racially discriminatory legislation and price, in order to provide support for the vital process of reconciliation, reconstruction and development. Restitution is an integral part of the broader land reform programme and closely linked to the need for the redistribution of land and tenure reform
d) **Land Re-Distribution** is to provide historically disadvantaged individual and communities with access to land for residential and productive uses, in order to improve their income and quality of life.
e) **Land Tenure Upgrading** is to upgrade existing land rights i.e. site permits, residential permits, lodgers permit, certificates of occupation, permission to occupy more secure. This aspect of land reform finds expression in Section 25(6) of 1996 Constitution.
f) **Extended State Discount Benefit Scheme** is specifically dealing with all the beneficiaries prior to 1994 that were allocated houses by the previous regime. All the land rights are now being upgraded to full title.
g) **Property Disposals & Acquisitions** is responsible for the disposal and the acquisition of land / property (building) to enhance service delivery in the Buffalo City Municipality jurisdiction area. The core responsibility is to dispose surplus property and land to the public for Residential, Business, Institutional, Industrial, Agricultural etc. finds expression in clause 25 of the Constitution of the Republic of South Africa. The intention is to address the Land Redistribution Programme of Buffalo City Metropolitan Municipality.

Council approved that land parcels be acquired for Mixed Use Integration Zone, privately owned.
The following land parcels were acquired for the year under review.

LAND ACQUISITIONS AND FEASIBILITY STUDIES THAT WILL MITIGATE LAND INVASION

1. Council Minute for the donation of farm 754 East London from Amatola District Municipality to BCMM and the feasibility Studies is still to be concluded.

2. COMPLETED FEASIBILITY STUDIES

a) Amalinda forest erf numbers 22634, 54136, 4479, 650, 22693, 1236, 24754, remainder of erf 644, remainder of erf 45343, remainder of erf 1234, remainder of erf 1237, remainder of erf 1238.
b) Mtsotsa/Slivertown Settlements in MDT
c) Portion 14 of Farm 832 East London from Provincial Gov of EC.
d) Quanera Area
e) Msobomvu remainder of farm 270, Portions 1,2,4,5,6,7,8,9,10,11,12,13
f) Cuba and Eluxolweni Settlements
g) Remainder of Erf 413 Newlands, remainder of Portion 2 of farm 302 and remainder Farm 302
h) Reminder of eff 412, 413 and 414 Amatola and Erf 416 Newlands
i) Cambridge Location informal settlement Erven 5152, 56451, 56449 and 44402

3. LAND PARCEL ACQUIRED FOR THE YEAR UNDER REVIEW:

a) Portion 3 Farm 270 East London.
b) Erf 93 Mdantsane Unit 4.

LAND INVASIONS

MANAGING AND CURBING LAND INVASION AND ILLEGAL OCCUPATIONS OF LAND WITHIN BUFFALO CITY METROPOLITAN MUNICIPAL AREA OF JURISDICTION

a) Land Invasion refers, inter alia, to an illegal occupation of land by an individual or groups, whether to establish a settlement, business or both and any other land use which would be deemed illegal within municipal owned land or other privately-owned properties without the consent of the owner.
b) There are large tracks of land which have been invaded and in some areas such an act impact on municipal plans. In response to such illegal activities, steps have been taken by the BCMM to deal with any kind of invasion either proactively or reactively, these included but not limited to application of Land Management Policy, Interdicts and Court Orders, and as such these are documented.

COMPLIANCE WITH PIE ACT

Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (PIE Act) –Act 19 / 1998:

- Urgent amendment required if municipalities are to succeed in curbing land invasions.
- The City and other metros provided a comprehensive amendment bill to National Government on this matter.
- Places unnecessary burden on municipalities to provide alternative accommodation.
- Lack of a clear period in which shacks can be demolished without a court order.

CATALYST OF UNLAWFUL LAND OCCUPATIONS (ULO)

- Service delivery protest
- Need for space
- Opportunistic entrepreneurism
- Proximity to alternative services
- Political maneuvering
- Economic Impacts of COVID 19 (Eviction from backyards)
- “Gaming the system” (Awaiting temporary basic services)

BROAD CHALLENGES

- Judiciary systems and outcomes which favors land invaders due to current PIE Act.
- Lack of intelligence at a local level that would assist in identifying perpetrators.
- Delays in obtaining eviction/ court orders lead to uncontrolled land invasion.
- Difficulty in monitoring informal settlements which are not easily accessible.
- Mushrooming of shacks after hours or during weekends.
- Safety of staff when confronted by invaders who are often very violent.
- Burden on City to provide alternative accommodation as per current legislation when evicting from both State and private land.
- Unlawful sale of Council land
- Lack of intergovernmental intervention between the city and other state landowners within the municipal jurisdiction.

THE BUILDING MAINTENANCE DIVISION

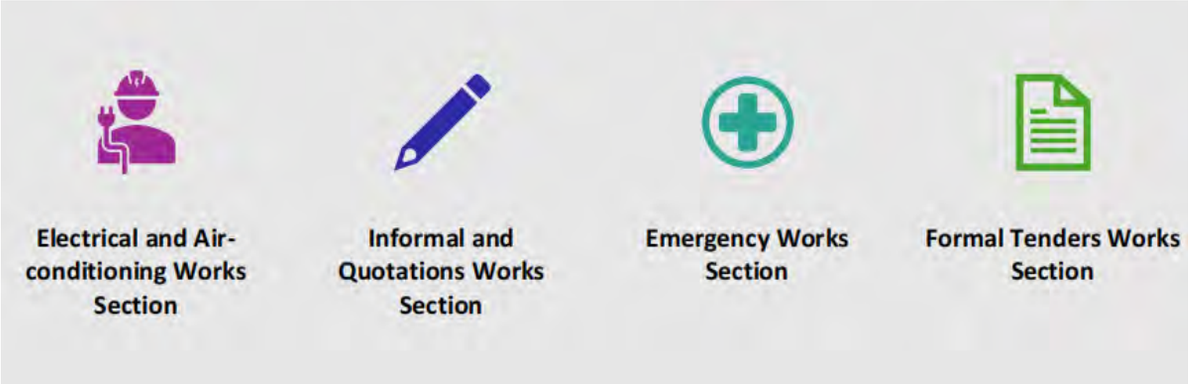
The Division consists of the following Branches, Contracts and Planning Branch, Operations Branch and Administration Branch.

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 responsible for the Building Maintenance Project Management programs for the work on CAPEX votes with some of it work under Operating and OPEX votes.
The work covers the following functional maintenance areas:

- Planned Maintenance
- Deferred Maintenance



The Contracts and Planning Branches, sections are as follows:

- **Procurement:** The Section undertakes the procurement of Contractors and Consultants by implementing BCMM procurement processes according to SCM guidelines.
- **Construction Management:** The Section ensures that Maintenance projects are implemented to a good standard and managed in compliance with the various Acts and Regulations governing the construction industry.
- **Contract Management:** The Section ensures that Maintenance projects and consultants are managed in accordance with the Agreement and that contractual obligations are met by all parties.
- **Financial Management:** The Section ensures that Maintenance projects are implemented within budget constraints and that over-expenditure does not occur. Reporting on expenditure.

The Building Maintenance Contracts Branch carried out the following CAPEX projects in BCMM Wards

Operations Branch is responsible for all minor Building Maintenance works on the Operating and Capital cost centres. Emergency and minor maintenance works are carried out through either internal in-house workshop sections and make use of annual tenderers.

The workshop sections are as follows:

- Term Maintenance
- Emergency Maintenance
- Housing Maintenance
- Electrical and Air- conditioning Maintenance
- Inland Building Maintenance
- Coastal Building Maintenance

Administration Branch is responsible for the Administration of the Division, which includes BMS data base, Works Orders, Data Capturing, Sub-Stores, and all BMS Finances.

Refurbishment, renewal and maintenance of buildings is a critical component to the proper management of the physical assets and overall Property Management, and to meet the statutory requirements.

Various Risk management processes are in place as detailed in the relevant sections of this report. Procurement resides under the Finance Department and is discussed in detail under the section dealing with Financial Performance (Chapter 5).

T 3.28.1

Service Statistics for Property, Legal, Risk Management and Procurement Services.

Items	2023/2024
Acquisitions	2
Registered properties under the state discount scheme	83
Land Invasions	3
External Quotations and Emergency works	98
Internal minor and emergency works	1203
Contracts and Planned works	14
Planning, Specification, Site, Progress, Snag, Payment, and Final Inspections related the Building Maintenance Services in line with CIDB regulations.	2630
Jobs created by Building Maintenance in relation to Maintenance Works Completed	203
Annual Tenders	6

No service statistics for risk management

T3. 28.2.

Property, Legal, Risk Management and Procurement Services Policy Objectives taken from the IDP.

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	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)
Service Objective xxx									
Number of land parcels acquired by Council for Mixed Use Integration Zone and Densification (public and privately owned).	Land parcels acquired	4	4	4	4	4	4	5	5
Number of BCMM owned buildings upgraded	Upgrading of BCMM owned buildings	12	12	16	16	16	16	16	16
T 3.28.3									

No Objectives set on the IDP for risk management.

Employees: Property, Legal, Risk Management and Procurement Services.

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -2022/23	Year 2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	9	9	0	0%
4 - 6	40	42	38	4	10%
7 - 9	37	41	40	1	2%
10 - 12	14	12	10	2	17%
13 - 15	8	9	7	2	22%
16 - 18	9	13	9	4	31%
19 - 20	2	2	2	0	0%
Total	119	128	115	13	10%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.28.4

Overall comment on performance of Property, Legal, Risk Management and Procurement Services

Not on the IDP.

T3. 28.5.

Financial Performance: Property, Legal, Risk Management and Procurement Services.

Financial Performance 2023/2024: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18,144	27,423	15,721	19,890	-38%
Expenditure:					
Employees	38,990	56,924	44,940	41,762	-36%
Repairs and Maintenance	17,708	20,319	11,976	11,755	-73%
Other	172,865	82,528	110,663	142,455	42%
Total Operational Expenditure	229,564	159,771	167,580	195,972	18%
Net Operational Expenditure	211,419	132,348	151,859	176,082	25%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.28.5

Capital Expenditure: Property, Legal, Risk Management and Procurement Services.

Capital Expenditure 2023/2024: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	25,000	8,831	8,023	-212%	
UPGRADING OF ABSA STADIUM FLOODLIGHTS		4,098	4,098	100%	0
BUXTON, ELECTRICITY HOUSE AND RESERVE BANK REFURBISHMENT	1,000	1,417	1,350	26%	1,000
ORIENT THEATRE REFURBISHMENT	1,500	–	–	0%	1,500
SLEEPER SITE REFURBISHMENT	500	–	–	0%	500
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT	1,000	–	–	0%	1,000
UPGRADING OF ELECTRICAL - OLD MUTUAL	1,000	–	–	0%	1,000
LAND ACQUISITION & BUILDINGS	5,000	–	–	0%	5,000
LAND ACQUISITION	15,000	3,316	2,575	-482%	15,000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.28.6

Overall comment on Property, Legal, Risk Management and Procurement Services.

IDP / CAPITAL PROJECTS	BUDGET	COMMENTS
LAND ACQUISITION	8 000 000	Erf 93 Mdantsane Unit 4 and Portion 3 Farm 270 East London have been acquired. Erf 5220, 5236 and 5239 East London, the City has received the Deed of sale from the Landowner. BCMM amended the Deed of sale and submitted it to the property owner. It is at this stage whereby a deadlock was reached between the seller and the purchaser. The Property owner demands that the municipality should exchange certain land parcels with regards to the identified properties for acquisition, that's a remainder of Farm 924 East London, remainder of Farm 923, erf 4101East London and a portion of erf 3890 at Cambridge East London prior to him agreeing to the conclusion of this transaction.
BUXTON, ELE CTRICITY HOUSE AND RESERVE BANK REFURBISHMENT	2 000 000	The remaining amount of R129 000.00 will be accrued. Work is in Progress
ORIENT THEATRE REFURBISHMENT	1 500 000	The is no expenditure due to delay in the award of annual contracts. On 11 June 2024 BEC Committee has recommended 2 Annual tenders to BAC, CE 445 Contract for Repairs and maintenance of municipal buildings - Air Conditioning trades, CE 447 Contract for repairs and maintenance of municipal buildings - Electrical works trade.
UPGRADING OF ELECTRICAL - OLD MUTUAL	1 000 000	The is no expenditure due to delay in the award of annual contracts. On 11 June 2024 BEC Committee has recommended 2 Annual tenders to BAC, CE 445 Contract for Repairs and maintenance of municipal buildings - Air Conditioning trades, CE 447 Contract for repairs and maintenance of municipal buildings - Electrical works trade.
SLEEPER SITE REFURBISHMENT	500 000	The is no expenditure due to delay in the award of annual contracts. On 11 June 2024 BEC Committee has recommended 5 Annual tenders to BAC,CE 445 Contract for Repairs and maintenance of municipal buildings - Air Conditioning trades, CE 444 Contract for repairs and maintenance of municipal buildings - Wet Works, CE 446 Contract for repairs and maintenance of municipal buildings - Plumbing Trades, CE 447 Contract for repairs and maintenance of municipal buildings - Electrical works trade and CE449 Contract for repairs and maintenance of municipal buildings - welding trades

T3. 28.7.

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

Introduction to Miscellaneous Services

T3. 29.0.
Component J is not applicable to BCMM

COMPONENT K: ORGANISATIONAL PEFORMANCE SCORECARD

This component includes Annual Performance Scorecard Report for the current year.

COMPONENT K

ORGANISATIONAL PERFORMANCE SCORECARD

BUFFALO CITY METROPOLITAN MUNICIPALITY ANNUAL PERFORMANCE REPORT : 2023/2024 FINANCIAL YEAR

CITY MANAGER: MR M. YAWA

KFA NO.	National Treasury Reference/BCMM Code	Key Performance Indicator	Project	Baseline (Annual Performance 2022/2023- Audited)	Annual target for 2022/2023	Actual Annual Performance for 2022/2023	Annual target for 2023/2024	Actual Annual Performance for 2023/2024	Portfolio of evidence	Reason for deviation	Corrective measures	Achievement levels	Responsible Directorate
STRATEGIC OUTCOME 1: INNOVATIVE AND PRODUCTIVE CITY													
NATIONAL PRESCRIBED INDICATOR													
KFA2	LED 3.11	Average time taken to finalise business license applications	BCMM Business Licence process	Q1 = 8 Q2 = 6.5 Q3 = 5.94 Q4 = 5.4 Working Days	15 working days	Q1 = 8 Q2 = 6.5 Q3 = 5.94 Q4 = 5.4 Working Days	14 working days	5,7 days	Quarterly report	N/A	N/A		Directorate: Economic Development and Agencies
KFA 2	LED3.12	Average time to formalise informal trading permits	BCMM informal trading permits for informal traders	New Indicator	New Indicator	New Indicator	14 working days	6,3 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	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))	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))	75%	45.11% (592 reported incidents and 263 responded in time) (Q1 = 41.44% (222 reported and 92 responded to Q2 = 38.46% (130 reported and 50 responded to) Q3 = 47.37% (114 reported and 54 responded to) Q4 = 53.17% (126 reported and 67 responded to)) Construction of New Fire Station: Berlin: Tender awarded 6 May 2024. Architectural Department awaiting bank guarantees and completion of various legal documentation before contractor can move on site.	News of The Day (Incident Reports) extracted from the Emergency Service System (ESS) - Fire Call Logging System.	1. Downtime of specialised vehicles requiring minor repairs and servicing. 2. Lack of Fire Stations in outlying regions of BCMM.	1(a) The appointment of Snr Mechanic & Mechanic within Fire & Rescue Services as from the 1st August 2023 & 1st April 2023 has resulted in several specialised vehicles being repaired & commissioned back into use, namely Fleet 3007 vehicle overheating thermostat not opening: replaced thermostat with new one; Fleet 3040 water leaks from engine: repaired by changing rusted welch plug; Fleet 3023 oil leak at the pump, found studs broken connecting the pressure and suction side of pump: repaired threads, replaced studs with new and reassembled pump – done in the 4th Quarter. 1(b) The re-instatement of Workshop situated at Greenfields Fire Station in September 2023 facilitated the carrying out of "in-house" vehicle repairs. 2. Construction of New Fire Station: Berlin: Tender awarded 6 May 2024. Architectural Department awaiting bank guarantees and completion of various legal documentation before contractor can move on site. 4. Purchase of new 9000l water tanker fire engine in May 2024 to add to the fleet of fire engines		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	2588	5621	2588	5617	3927	Employment contracts	Due to migration on the EPWP Reporting System, System technical issues, non-submission of capital projects by project managers and contactors.	Training to be provided by the DPWI, NDPWI updating the system related issues, On going engagements with project managers and contractors.		City Manager's Office (EPWP)
BCMM INDICATORS													
KFA 5	IPC 22	Number of bursaries awarded	Bursaries Non - Employee	67 Bursaries Awarded	50 Bursaries Awarded	67 Bursaries Awarded	50 Bursaries Awarded	67 Bursaries Awarded	Bursary Fund Award letters	The over achievement course is that the Bursary Fund was allocated an additional budget of 5m as approved by Council. That allowed to offer more Bursaries	N/A		Directorate: Executive Support Services
KFA 5	IPC 5	Number of direct and indirect job opportunities created through Economic Development Projects, initiatives and partnerships	Job opportunities created through Economic Development Projects, initiatives and partnerships	741	600	741	600	738	List with ID numbers	The target was exceptionally achieved due to more direct and indirect job opportunities created through Economic Development projects / programs in this quarter.	N/A		Directorate: Economic Development and Agencies
KFA 8	IPC 21	Number of sport development programmes supported	N/A	3 (Sports Development courses)	3 (Sports Development courses)	3 (Sports Development courses)	4 (Sports Development courses)	4 (Sports Development courses)	Newsflash and attendance registers	N/A	N/A		Directorate: Sport, Recreation and Community Development

KFA 10	HS 3.2/ IPC18	Number of Community Halls Upgraded	Upgrading of Community Halls	1	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	3 (Macleantown Hall, War Memorial Hall, Carnegie Hall)	2 (Macleantown and Carnegie Hall)	Quarterly Report	Own Funded projects were put on hold which resulted in the delay of implementation of these projects.	Once the go ahead to commence with own funded projects was received from the Directorate of Finance in April 2024, the Department had to re-assess the projects that were outstanding and proceed with the projects in line with a new timeline.	Directorate: Sport, Recreation and Community Development
KFA5	IPC60	Number of youth development programmes supported	N/A	4 Youth development programmes	4 Youth development programmes	4 Youth development programmes	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 Industrtial area, Scoping study for industrial areas	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)	3 (Revitalization of Industrial park (Dimbaza) , Development of a concept document for Wilsonia Industrial Park & Invest Buffalo City)	3 (i) (Revitalization of Industrial park Dimbaza , (ii) Invest Buffalo City (iii) Scoping study for Wilsonia industrial area	2 (Q1 –Revitalization of Industrial Parks Q4 – Invest Buffalo City)	Quaterly report	The report has not yet been submitted and presented to the top management due to the service provider not being available to deliver the study as agreed, the recommendation of the study requires that the service provider must do a scoping study on what will be the economic impact of the revitalization of Wilsonia Industrial Park.	Trade, Industry and Sector Development Manager will have to write to the service provider and inform them that the contract will be terminated as they have failed to deliver on time.	Directorate: Economic Development and Agencies
KFA 1	IPC3	Number of infrastructure projects for informal traders implemented	Infrastructure Project Implemented for informal traders	3 (Duncan Village, Ndevana, Ilitha Hawker Stalls)	3 (Duncan Village, Ndevana, Ilitha Hawker Stalls)	3 (Duncan Village, Ndevana, Ilitha Hawker Stalls)	3 (Mzamomhle, Ward 9, Fort Jackson Junction Hub)	0	Deviation Certificate	The target could not be achieved for other hawker stalls like Mzamomhle and ward 9 due to the finalisation of the appointment of annual contract For Fort Jackson the target could not be achieved due to the road construction taking place in the area as there is major construction taking place including the blasting of the existing road that led to the delays in the project implementation	The target will be achieved in June 2025 as the Department is engaging on the appointment of the Service Provider to develop hawker stalls, specifications have been developed and in the process of being submitted again to Supply Chain to go through the bid processes.	Directorate: Economic Development and Agencies
KFA 1	IPC 4	Number of interventions implemented to support SMMEs and Cooperatives	Training, 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)	5 (Q1 – Capacity building Q3 – Access to markets, SMME Roadshows Q4 – Procurement of equipment, Incubation programme)	Quaterly reports	N/A	N/A	Directorate: Economic Development and Agencies
KFA 7	IPC6	Number of creative industries support projects/ programmes implemented	Creative industries support projects/ programmes	8	New Indicator	New Indicator	(5) (4 Quarterly Creative industries support Programmes/Projects (1 per quarter), -(1) Extension and Upgrading of Mdantsane Arts Centre (Phase 1)	4 (4 x creative industry quarterly reports i.e. one quarterly report per quarter and 1 x deviation certificate for Upgrading and Extension of Mdantsane Art Centre.	Quartely reports, completion certificates and approved building plans	There have been delays in concluding procurement process. The tender to appoint the service provider was awarded in May 2024. The project site was handed over to the appointed service provider on the 1st of July 2024 following signing of all prescribed documents.	The service provider is currently on site and has commenced with the implementation of the project. The project will take 11 months to implement and will be completed at the end of the 4th quarter in 2024/2025 financial year.	Directorate: Economic Development and Agencies
KFA 7	IPC30	Number of Arts, Culture and Heritage projects/programmes implemented	Arts, Culture and Heritage projects / programmes	6	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 (Multi-Cultural Man)	6	6 (Land scaping of Rharhabe Burial site, Restoration of Ngidi burial site, Restoration of multi cultural statue, Restoration of Zola Brian Mjo Burial Site, Restoration of Mzukisi Skweyiya, Restoration of Magxala Burial Site)	3 (Restoration of Mzukisi Skweyiya, Restoration of Zola Brian Mjo Burial Site, Land scaping of Rharhabe Burial site)	Quarterly reports, photos	First and foremost, during the third quarter period of 2023/ 2024 Financial Year , the Heritage Division had to wait or put a pause on the project implementation process due to the general Buffalo City Metropolitan Municipality Financial constraints.	During 2024/2025 Financial Year, Heritage Division does not have budget. It is therefore very difficult to have plans or corrective measures as the Heritage Division has zero budget.	Directorate: Sport, Recreation and Community Development

KFA 4	IPC7	Number of initiatives (programmes) implemented to develop, market and promote Buffalo City as a tourist destination of choice	Tourism Projects/ Programmes	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)	11 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x 4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x2)	16 (4 x Quartely destination marketing programmes , 4 x quartely tourism awareness and capacity building programmes , 4 x quarterly tourism SMMEs support programmes and 4 x quartely tourism events programmes)	16 (4 x Quartely destination marketing programmes , 4 x quartely tourism awareness and capacity building programmes , 4 x quarterly tourism SMMEs support programmes and 4 x quartely tourism events programmes)	Quarterly reports	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	8	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	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;	14 (Q1 – Trade mission; export symposium; export preparation and regulations training, emerging exporter training Q2 – Exporter development programme; trade seminar; trade mission; emerging exporter training Q3 – trade mission; trade seminar; emerging export training Q4 – trade mission; trade seminar; emerging export training)	Quarterly reports	N/A	N/A		Directorate: Economic Development and Agencies
KFA 6	IPC11 (a)	Number of Agricultural Farmer support programmes implemented	Farmers support programmes/project s	8 (Cropping Programme, Food security, Hydroponics programme, Piggery and Poultry Structure, Fencing of erable land, Agri-Village, Urban Food systems., livestock improvement)	7 (Cropping Programme, Food security, Hydroponics programme, Piggery and Poultry Structure, Fencing of erable land, Agri-Village, Urban Food systems)	8 (Cropping Programme, Food security, Hydroponics programme, Piggery and Poultry Structure, Fencing of erable land, Agri-Village, Urban Food systems., livestock improvement)	(7) (1) Food Security, (2) Hydroponics programme, (3) Fencing of Arable Land, (4) Piggery and poultry structure, (5) Livestock improvement equipment, (6) Agri-village, (7) Urban Agriculture	7 (Q1 –Urban agriculture/Food Security, Fencing of arable land Q2 – Production inputs Q3 – No target Q4 – Agri-village; hydroponics and packhouse; poultry and piggery structure; livestock improvement)	Quarterly reports, completion certificates	N/A	N/A		Directorate: Economic Development and Agencies
KFA 12	IPC20	% Reduction in road traffic fatalities on BCMM roads	Reduction in road fatalities on BCMM roads	3,19% reduction	5% reduction	3,19% reduction	5% Reduction	3.35% reduction for the 2023/2024 year – actual number = 161 for the year (Q1 = 0.83% - 40 actual number reduction Q2 = 1.04% - 50 actual number reduction Q3 = 0.75% - 36 actual number reduction Q4 = 0.73% - 35 actual number reduction	SAPS statistics on fatalities and departments operational plans	The joint efforts between local authorities and other stakeholders and special operations enforced during the period of 1 April 2024 to 30 June 2024 has resulted in a reduction in road fatalities. The total number fatalities recorded for the 4th quarter is thirty-five (35), which equates to a total % reduction of 0.73% (actual 35 x 1.25%Q target÷60= 0.73%).	There is none at this stage as this indicator is ongoing: No remedial action to be taken, however. The department will continue to ensure that the enforcement of a zero-tolerance approach is enforced and observed by all road users. Drunken driving Campaigns, speeding operations, ANPR, etc. with various stakeholders namely SAPS, Law Enforcement etc. takes place at the identifiable hotspots. Continued Safety awareness campaigns to be carried out. The department will continue to ensure that the deployment of officers as well as joint operations with stakeholders to ensure speeding enforcement, drunken driving campaigns, vehicle road worthiness, Driver fitness, ensure that public transport is in compliance with the National Land Transportation Act, ensures that campaigns are continuously enforced within BCMM. Increased visibility and daily enforcement and awareness campaigns.		Directorate: Public Safety and Emergency Services
KFA 12	IPC 19	Number of Areas covered by surveillance cameras	Roll out of CCTV cameras in BCMM	0	1 (KWT New Traffic Department)	0	2 areas KWT Traffic Dept & Cambridge Pump Station	0	Minutes of site meetings, Progress Reports, Invoice Payments & Photographs Completion & Handover Certificates, Solar Print Outs of expenditure	Challenges were encountered due to internal delays and processes relating to the Bid Committees. Specifications for Contract CE 507 were submitted to SCM initially in October 2022 & then re-submitted in January 2024. Emails were sent to SCM to follow up on the date of the BSC Committee 1 sitting, however due to internal processes the Committee did not convene to consider Contract CE 507.	Due to the internal challenges encountered with the sitting of the BSC Committee 1 and the delays encountered with the approval of the specifications of Contract CE 507, the Directorate decided to consider the use of a transversal tender through SITA to procure the CCTV cameras. BCMM wrote to SITA on the 14 February 2024 requesting permission to utilise the transversal tender through SITA. A further letter dated the 4 March 2024 was sent to SITA to include the maintenance & repair component. All documents were signed & submitted to SITA on the 15 March 2024. Tender advertised by SITA in June 2024. Project will be implemented in the 2024/2025 financial year through the state transversal tender.		Directorate: Public Safety and Emergency Services

KFA 11	FE1.1/IPC 2	Number of fire stations refurbished	Refurbishment of Fire Stations	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.	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.	1 (Vincent Fire Station)	1 (Vincent Fire Station - New palisade fence and new gate with gate motor installed completed)	Copy of offical order Order/s, Completion Certificate	N/A	N/A		Directorate: Public Safety and Emergency Services
KFA9	HS 3.1/IPC16	Number of Swimming Pools upgraded	Upgrading of swimming pools	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	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:K26I20:L26I12:K26	2 Joan Harrison Swimming Pool and Orient Swimming Pool	2 Joan Harrison Swimming Pool and Orient Swimming Pool	Invoices, Photos, and completion certificate	N/A	N/A		Directorate: Sport, Recreation and Community Development
KFA9	HS 3.1/IPC14	Number of Zoo facilities upgraded	Upgrading of Zoo Facilities	1 (Zoo facility)	1 (Zoo facility)	1 (Zoo facility)	2 (Zoo facility)	2 (Zoo facility upgraded)	Invoices, after photographs, completion certificates	N/A	N/A		Directorate: Sport, Recreation and Community Development
KFA4	IPC13	Number of Aquarium facilities upgraded	Refurbishment of Aquarium	0	1 (refurbish live animal exhibit)	0	1 (Refurbish of Aquarium Live Animal Exhibit)	0	Invoices, Completion Certificate, photos	N/A	N/A		Directorate: Sport, Recreation and Community
KFA9	HS 3.4/IPC12	Number of sports facilities upgraded	Sports facilities upgraded	0	2 (Bunkershill Sportsfield, Philip Kahts Stadium)	0	2 (Sisa Dukashe Stadium, Gompo Stadium)	1 (Gompo Stadium)	Invoice, photos	The target was not met as the service provider that was appointed for the upgrade of the Sisa Dukashe Stadium has performed poorly.	The necessary processes in terms of the contract have been invoked regarding putting the service provider to terms and conditions due to poor performance.		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 basic refuse removal services	Waste handling	100% of known informal settlements receiving basic refuse removal services	100%	100% of known informal settlements receiving basic refuse removal services	100%	100%	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 coastaline with protection measures in place	Coastline protection	73.1% of coastline with protection measures in place	72% of coastline with protection measures in place	73.1% of coastline with protection measures in place	73.2% of coastline with protection measures in place	73.2% of coastline with protection measures in place	GIS Spatial Map; Report on Coastline Protectioin Measures	N/A	N/A		Directorate: Solid Waste and Environmental Management
KFA18	ENV 5.12	Number of coastal water samples taken for monitoring purposes	Water Quality Monitoring	716 coastal water samples taken for monitoring purposes	400 coastal water samples taken for monitoring purposes	716 water samples taken for monitoring purposes	600 coastal water samples taken for monitoring purposes	669 coastal water samples taken for monitoring purposes	Laboratory report	The target has been exceeded. The Environmental Health Practitioners (EHPs) identified more sampling points over the period of reporting and in some areas, there was a need for re-sampling which was duly conducted	N/A		Directorate: Solid Waste and Environmental Management
KFA18	ENV 5.21	Number of inland water samples tested for monitoring purposes	Water Quality Monitoring	438 water samples taken for monitoring purposes	400 inland water samples taken for monitoring purposes	438 water samples taken for monitoring purposes	400 inland water samples taken for monitoring purposes	461 inland water samples taken for monitoring purposes	Laboratory report	The target has been exceeded. The Environmental Health Practitioners (EHPs) identified more sampling points over the period of reporting and in some areas, there was a need for re-sampling which was duly conducted	N/A		Directorate: Solid Waste and Environmental Management
KFA16	ENV4.21	Percentage of biodiversity priority areas protected	Biodiversity prioirity areas protected	51.57% of biodiversity priority areas protected	48.85% of biodiversity priority areas protected	51.57% of biodiversity priority areas protected	69.0% of biodiversity priority areas protected	69.0% of biodiversity priority areas protected	GIS Spatial Map; Report on biodiversity priority areas protected	N/A	N/A		Directorate: Solid Waste and Environmental Management
KFA16	ENV4.11	Percentage of biodiversity priority area within the metro	Biodiversity prioirity areas within the metro	3.8%	2,6% of biodiversity priority area within the metro	3.8%	3.8% of biodiversity priority area within the metro	5.1% biodiversity priority area within the metro	GIS Spatial Map; Report of biodiversity priority area within the metro	The inclusion of all the nature reserves within the BCMM boundary resulted in overall percentage increase of the 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	26.67% average functionality of Air Quality Monitoring Stations (East London 0%, Zwelitsha 0%, and Gompo 80%)	75% Air Quality Stations(East london, Zwelithsa & Gompo Clinic)	26.67% average functionality of Air Quality Monitoring Stations (East London 0%, Zwelitsha 0%, and Gompo 80%)	75% of Air Quality (AQ) monitoring stations providing adequate data	0% of Air Quality Monitoring Stations providing adequate data (East London, Zwelitsha & Gompo)	Print out - data recovery from three air quality monitoring stations.	<u>East London station</u> The station is not operational due to non-functionality of analysers that require to be repaired, serviced and calibrated. <u>Zwelitsha station</u> The station is not operating due to the network connectivity problem. <u>Gompo station</u> The station is not operating due to the network connectivity problem.	<u>East London station</u> Procurement process for Contract 545: The request for appointment of specialist service provider to service, repair and calibrate air quality monitoring station instruments for a period of three years is underway. The envisaged date of award is 01/12/2024 <u>Zwelitsha station</u> Intervention has been requested from ICT regarding the network connectivity problem. The envisaged date for the intervention to resolve the challenge is 30/09/2024 <u>Gompo station</u> Intervention has been requested from ICT regarding the network connectivity problem. The envisaged date for the intervention to resolve the challenge is 30/09/2024		Directorate: Solid Waste and Environmental Management
BCMM INDICATORS													
KFA18	GC 101	Number of Kilograms (kgs) of recycleables diverted from Landfills to Buy-Back Centres	Implementation of waste diversion initiatives	467.5 tons (467500 kg) of recyclables diverted from Landfills to buy back centres	80 Tons of recyclables diverted from Landfills to Buy-Back Centres	467.5 tons of recyclables diverted from Landfills to buy back centres	600 000 kg of recycleables diverted from Landfills to Buy-Back Cetres	838 011.30 kg of recyclables diverted from Landfills to Buy-Back Centres (According to the Directorate this change does not affect the POE provided.)	Buyback Centre Data of Recycleables;	Kilograms of recyclables received exceeded the targeted recyclables for the period of reporting. This is due to frequent awareness campaigns on waste management including recycling which encourages the public to participate in recycling activities.	N/A		Directorate: Solid Waste and Environmental Management
KFA18	GC 102	Number of Waste Diversion Garden Transfer Stations Established (Phase 1)	Establishment of Garden Transfer Stations	4 (Waste Diversion Buyback centres established at Coastal and Midland)	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)	1 Waste Diversion Garden Transfer Station established (Phase 1)	1 Waste Diversion Garden Transfer Station established in King Williams Town, Inland Region	Award Letter, Progress Report	N/A	N/A		Directorate: Solid Waste and Environmental Management
KFA18	ENV 5.21 (a)	Number of Midland water samples taken for monitoring purposes	Water Quality Monitoring	259 Midland water samples taken for monitoring purposes	200 Midland water samples taken for monitoring purposes	259 Midland water samples taken for monitoring purposes	200 Midland water samples taken for monitoring purposes	220 Midland water samples taken for monitoring purposes	Laboratory reports (NHLS Excel Customer Detailed Schedule)	The target has been exceeded. The Environmental Health Practitioners (EHPs) identified more sampling points over the period of reporting and in some areas, there was a need for re-sampling which was duly conducted	N/A		Directorate: Solid Waste and Environmental Management

KFA15	GC 10	Number of Community Parks Upgraded	Upgrading and Development of Community Parks	2 (Coastal - Ward 45 Midland - Ward 3)	2 (Wards 3 & 45)	2 (Coastal - Ward 45 Midland - Ward 3)	1 (Ward 1 - Pefferville)	1 (Ward 1 - Pefferville)	Before and after photos, invoices & completion certicates	N/A	N/A		Directorate: Sport, Recreation and Community Development
SRTATEGIC OUTCOME 3: A CONNECTED CITY													
NATIONAL PRESCRIBED INDICATORS													
KFA22	EE1.11	Number of dwellings provided with connections to the mains electricity supply by the municipality	Electrification of formal and informal dwellings	343	400	343	250	328	Progress Report or if complete; completion Certificate	Additional area identified for Intervention, due to cancellation of bulk project due to violent threats from Local Business forums	N/A		Directorate: Infrastructure Services
KFA22	EE3.11	Percentage of unplanned outages that are restored to supply within industry standard timeframes	Operations	86%	100%	86%	100%	91.67%	Log sheets from control centre	Alternate supply had not yet been restored from Vandalism the day before	Alternate supplies to restored as soon as possible after vandalism		Directorate: Infrastructure Services
KFA22	EE3.21	Percentage of Planned Maintenance Performed	Operations	70,0%	70%	70,0%	Complete 70% or more of planned maintainance	79.96%	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	100%	100%	100%	100%	88%	Signed off Job Master	Contractors paying for New connection have not completed their work and request BCMM to hold back on providing the Services	Staff have been informed to refund contractors if service cannot be provided within service standards		Directorate: Infrastructure Services
KFA22	EE4.12	Installed capacity of approved embedded generators on the municipal distribution network	N/A	4,7MW	0	4,7MW	0	0.799 Mw Ytd + Accumulative 8.767 Mw = 9.566 Mw	Approval letter to Service Provider or Consumer	N/A	N/A		Directorate: Infrastructure Services
KFA19	TR6.11	Percentage of unsurfaced road graded	Rural Roads	5,33% (69,3km)	4,48% (60km)	5,33% (69,3km)	4,48% (60km)	4.64 % (62,7km)	Internal reports and Completion certificates	N/A	N/A		Directorate: Infrastructure Services
KFA19	TR6.12	Percentage of surfaced municipal road lanes which has been resurfaced and resealed	Urban Roads Programme	1,325% (21,199km)	0,9375 (15km)	1,325% (21,199km)	0.5%(8km)	0,5325% (8,052km)	Completion Certificates	N/A	N/A		Directorate: Infrastructure Services
s	TR6.13	KMs of new municipal road network	Urban & Rural Roads Programme	19,138km	15km	19,138km	7km	0km	Completion Certificate/ Progress Report	The target is based on anticipated new Roads construction projects that are intended to meet the targeted performance for the quarter, however due to budget limitations these projects have to be differed to another Financial year.	The planned New roads construction projects are to be put on hold until such time that there is sufficient budget made available for construction to commence, and the project is reprioritized		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	6	6	6	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	5,938KM	6km	5,938KM	8 km	11,616km	Completion Certificate/ Progress Report	N/A	N/A	 Directorate: Infrastructure Services
KFA19	CC19	Number of bridges rehabilitated	Bridge Refurbishment Programme	3	3	3	1	1	Completion Certificates	N/A	N/A	 Directorate: Infrastructure Services
KFA 20	CC 4	Number of municipal offices and halls with Wi-Fi hotspots installed	Wi-fi	1 (KWT Library Hall)	1 (KWT Library Hall)	1 (KWT Library Hall)	1 (WiFi Controller-ICT Munifin Building)	0	Solar Printout Report	Shortage of IT equipment in the country	Procurement through SITA contract	 Directorate: Corporate Services
KFA 20	CC 7	Number of BCMM halls and offices with Fibre Network installed	Fiber Network	1 (KWT Library Hall)	2 (KWT Library Hall and Bisho Civic Center)	1 (KWT Library Hall)	2 (Robbie Delange and KWT Fire Office)	2 (Robbie Delange and KWT Fire Office)	Sign-off Invoice	N/A	N/A	 Directorate: Corporate Services
KFA 21	TR1.1/CC 15	Number of public transport facilities rehabilitated	Upgrading of Public Transport Facilities	1	1 (Ward 37- Market Square Taxi Rank)	1	1 (Ebuhlanti Taxi Rank)	1 (Ebuhlanti Taxi Rank)	Completion certificate	N/A	N/A	 Directorate: Spatial Planning and Development
KFA 20	CC200	Digitilise SCM-Documentation	Scanning of tender documents	30% of all tenders received forward scanned into EDMS /Sharepoint at the opening of tenders	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)	30% of all tenders received forward scanned into EDMS /Sharepoint at the opening of tenders	60% of all tender documents scanned into EDMS/SHAREPOINT	41,25%	System report from the electronic document management system.	Under achievement of annual target by 17,9% due to no tenders scanned in Quarter 1. During quarter 1 no tenders were accepted as per reasons stated on the deviation certificate for quarter 1.	N/A	 Directorate: Corporate Services
KFA 20	CC201	Numbers of servers procured for disaster recovery	Disaster recovery Enhancement	2	2	2	1	1 Storage disk shelf	Invoice Solar Screenshot	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.	N/A	364	300	364	300	234	Quarterly Performance Report	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.		398	300	398	300	234	Quarterly Performance Report	The accumulative target of 300 new water connections meeting minimum standards has not been attained in the 2023/2024 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	91%	95%	91%	92%	92%	BP 92 report.	N/A	N/A	 Directorate: Infrastructure Services

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 Qaurter is 329	378	629	378	643	197	Completion Certificate , construction programme & layout plan	Housing Development Agency allocated projects submitted failed short to meet with construction programme targets due to cashflow related challenges.	BCMM to send contractual notices for poor performance to Housing Development Agency and further review the existing funding agreement (between BCMM & HDA) in order tighten performance evaluation.		Directorate: Human Settlements
KFA28	HS2.22	Average Number of days taken to process building applications of 500 square meters or less	Building Plan approval	Q1= 108,45 Q2= 117,96 days. Q3 = 155,34 Q4 = 130,71 (Annual Average of 128,11 days)	30 days	Q1= 108,45 Q2= 117,96 days. Q3 = 155,34 Q4 = 130,71 (Annual Average of 128,11 days)	30 Days	149 Days	BPS Printout and Excel Spreadsheet	Some of the Building Plans have been in the Building Plan System (BPS) since 2015 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 during circulation 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 average performance for the 4th quarter is 125.90 days. Out of a total of 250 Building Plans processed 147 Plans were submitted and approved in the quarter under review resulting in 22.59 average number of days. The annual average is 149 Days.	The acquired 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, has since not gone live. The ArcGIS for Local Authorities (AFLA) Portal designed by Esri is intended to promote faster turnaround times on Building Plan online applications. The Building Inspectorate staff is undergoing training from EPMO and GIS in digital building plan processing. 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.		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	177,55 days	60 days	177,55 days	60 days	218 Days	BPS Printout and Excel Spreadsheet	Some of the Building Plans have been in the Building Plan System (BPS) since 2022 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 during circulation 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 average performance for the 4th quarter is 168.89 days. Out of a total of 10 Building Plans processed 3 Plans were submitted and approved in the quarter under review resulting in 20 average number of days. The annual average is 218 Days.	The acquired 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, has since not gone live. The ArcGIS for Local Authorities (AFLA) Portal designed by Esri is intended to promote faster turnaround times on Building Plan online applications. The Building Inspectorate staff is undergoing training from EPMO and GIS in digital building plan processing. 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.		Directorate: Spatial Planning and Development
KFA 28	HS1.13	Hectares of land acquired for human settlements in Prioirity Housing Development Areas	Hectares of Land Acquired	21,4632 hectares	57.4191 Hectares	21,4632 hectares	0	76,3984 hectares	Title Deed/Signed Deed of sale	N/A	N/A		Directorate: Spatial Planning and Development
						BCMM INDICATORS							
KFA23	WS1.1/STC 2	Number of ablution facilities constructed (seats)	Ablution Facilities	127	97 (seats)	127	100	100	Internal Completion certificate	N/A	N/A		Directorate: Infrastructure Services
KFA25	STC 15	Number of beneficiaries registered on NHNR	Registration of Beneficiaries	2125	2010	2125	2020	2030	Proof of National Housing Needs Register	N/A	N/A		Directorate: Human Settlements
KFA29	STC 3	Number of cemeteries upgraded	Development and Upgrading of Cemeteries	5 (Cambridge, Buffalo Flats, Lujiza, Fort Jackson & Maclean Town)	5 (Cambridge, Buffalo Flats, Lujiza, Fort Jackson & Maclean Town)	5 (Cambridge, Buffalo Flats, Lujiza, Fort Jackson & Maclean Town)	3 (Ward 37- Clubview, Ward 24 - Fort Jackson and Ward 4- Cambridge Cemetry)	2 (Ward 24 - Fort Jackson, Ward 37 Club View)	Before and after photos, invoices & completion certicates	Delays on the finalisation of designs for the extension of Cambridge Cemetery.	Designs to be finalised during the second quarter of 2024/2025		Directorate: Sport, Recreation and Community Development
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	1	2 Land parcels acquired (1. Erf 9582 King Williams Town 2. Portion 12 of Farm 304 East London)	1	5	2	Minutes of the meeting,Copy of appointment, Proof of Lodgement	For Portion 3 of farm 270, the property has been registered on the 7th December 2023 and title deed has been received. Erf 93 Mdantsane Unit 4 has been duly registered into the name of BCMM, the City has received the title Deed in respect of Erf 93 Mdantsane Unit 4. For Erf 5220, 5236 and 5239 East London, the City has received the Deed of sale from the Land owner. BCMM amended the Deed of sale and submitted it to the property owner. The Municipality awaits a response from the property owner as the property owner referred the deed of sale to its Conveyancer. It is at this stage whereby a deadlock was reached between the seller and BCMM the purchaser. The Property owner demands that the municipality should exchange certain land parcels with regards to the identified properties for acquisition, that's a remainder of Farm 924 East London, remainder of Farm 923, erf 4101 East London and a portion of erf 3890 at Cambridge East London prior to him agreeing to the conclusion of this transaction.	To engage the property owner of Erf 5220, 5236 and 5239 East London on the proposal for the exchange and a report thereafter be prepared for consideration by council.		Directorate: Spatial Planning and Development

KFA 28	STC 9	Number of BCMM owned buildings upgraded	Upgrading of BCMM owned buildings	16	12	16	16	16	Internal practical completion certificate	N/A	N/A		Directorate: Spatial Planning and Development
STRATEGIC OUTCOME 5: A WELL GOVERNED CITY													
NATIONAL PRESCRIBED INDICATORS													
KFA32	WS3.11	Percentage of complaints/callouts responded to within 48 hours (sanitation/ wastewater)	N/A	100%	100%	100%	100%	95%	Water Management Information System Report or Copies of Job Cards	Known Staff and vehicle shortages within the Department.	1.Uplift the Staff Moratorium on Staff Vacancies 2.Advertise and fill all funded vacancies. 3.Procurement/hiring of sufficient fleet to improve service coverage		Directorate: Infrastructure Services
KFA32	WS3.21	Percentage of complaints/callouts responded to within 48 hours (water)	N/A	100%	100%	100%	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)	20%	100%	20%	20%	20%	Correspondence from Scientific Services	N/A	N/A		Directorate: Infrastructure Services
KFA 25	TR6.21	Percentage of reported pothole complaints resolved within standard municipal response time	Pothole Patching	61%	100%	61%	60%	62%	Cross reference between Pothole Patching Reports complaints register	N/A	N/A		Directorate: Infrastructure Services
KFA32	WS4.11	Percentage of water treatment capacity unused	Umzonyana Dam and East Coast Water Supply Upgrade	12%	100%	12%	10%	9%	Water production figures	Under achieved by 1%. The annual target of 10% has not been attained in the 2023/2024 financial year due to the increased water demand of 1, 60%	The Implementation of water conservation and water demand measures.		Directorate: Infrastructure Services
KFA32	W4.31	Percentage of waste water treatment capacity unused	N/A	37%	40%	37%	40%	23%	Technical data for BCMM wastewater treatment works	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 vandalism of treatment plants		Directorate: Infrastructure Services
KFA25	WS5.21	Infrastructure leakage index	W/Demand Mangm-Water Conserv - PRV STA	7.2%	100%	7.2%	<7.3	7.7	Water balance report	Under achieved by 0.5 Target of <7.3 has not been attained in the 2023/2024 financial year due to the increased water demand of 1, 60%	Implementation of water conservation and water demand measures, which include bulk meter installation, installation of loggers, installation of pressure reducing valves, pipe replacement projects, identified for implementation in the 2024- 25 financial year and expected to be completed in June 2025.		Directorate: Infrastructure Services
KFA 46	GG 1.21	Staff vacancy rate	Filling of vacant funded posts	13%	100%	13%	15%	13%	Staff Compliment and Vacant Funded Post Report	Due to cost containment measures all filling of vacant funded posts have been placed on hold	The financial situation of the institution will be reassessed in the 3rd quarter to determine if any of the vacant funded posts can be advertised.		Directorate: Corporate Services
KFA41	LED 1.31	Number of individuals connected to apprenticeships and learnerships through municipal interventions	Skills Development for unemployed local youth (Implementation of FRP)	65 Learners	100%	65 Learners	36 Learners	34 Learners	Report from Payday	Delays on the appointments due to qualifications verification process.	Appointment will be done during the 4th quarter		Directorate: Corporate Services
KFA46	GG 1.22	Percentage of vacant posts filled within 3 months	Filling of vacant funded posts within 3 months	87,76%	100%	87,76%	(30% of all vacant funded post where the recruitment process has been initiated per quarter)	Q1 = 53% Q2 = 30% Q3 = There was no target, Q4 = There was no target	Appointment letters and Adverts	Due to cost containment measures all filling of vacant funded posts have been placed on hold	The financial situation of the institution will be reassessed in the 3rd quarter to determine if any of the vacant funded posts can be advertised.		Directorate: Corporate Services
KFA 46	GG 5.11	Number of active suspensions longer than three months	Finalisation of all oustanding suspensions that are longer 3 months	Q1 = 20 Q2 = 20 Q3= 10 Q4 = 0	100%	Q1 = 20 Q2 = 20 Q3= 10 Q4 = 0	18 (Suspensions longer than 3 months not to exceed 18 per quarter)	0	Suspension statistics reflecting the duration of each suspension	N/A	N/A		Directorate: Corporate Services

KFA 46	GG 5.12	Quarterly salary bill of suspended officials	N/A	Q1= R6,676.324.29 Q2=R6 919 236,04 Q3= R5 327,982.08 Q4= R278, 371.73	100%	Q1= R6,676.324.29 Q2=R6 919 236,04 Q3= R5 327,982.08 Q4= R278, 371.73	R8 000,000,00 (Quarterly salary bill of suspended employees must not exceed R8 000,000,00 per quarter)	R51771,74	Suspension statistics reflecting the quarterly bill of costs for each employee suspended	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	100% Ward Committee members	100%	100% 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 that have held at least one councillor-convened community meeting	N/A	Q1=22% Q2=15% Q3=42% Q4=28%	100%	Q1=22% Q2=15% Q3=42% Q4=28%	100% (1 Public Meeting Convened per ward each quarter = 50 Public meetings for 50 wards, and 50 times 4 quarters = 200)	Q1 = 36% Q2 = 20% Q3 = 24% Q4 = 6% Average for 2023/2024 is 22%	Attendance Register and Minutes of the meetings convened.	Ward Public Meetings: Deviated from 100% meetings to an average of 22% during the 2023/2024 financial year. Ward Councillors submit an annual schedule of ward committee and ward public meetings to be incorporated into the institutional diary. However, Ward Councillors are responsible to convene ward public meetings quarterly in their respective wards and request assistance from the office the Speaker when necessary, however they do not adhere to the schedule submitted. This indicator is one of the National Treasury prescribed Circular 88 indicators for municipalities. Ward Public meetings are very critical as they are mainly for Ward Councillor to report back to communities on developmental issues from the Council as well as the needs of the communities back to Council.	The indicator is beyond the control of the Head of Directorate (Administration). In trying to correct the deviation in the next financial year, the Public Participation unit send messages monthly to all ward councillors reminding them about convening ward public meetings and requesting submission of minutes and attendance registers of the meetings convened. Some ward councillors convene these meetings but delay submitting the Portfolio of Evidence in time for the purposes of accurate reporting. In addition, the Council Speaker will be advised to engage the affected Ward Councillors to find an amicable solution in convening ward public meetings.		Directorate: Executive Support Services
KFA 30	GG3.12	Percentage of councillors who have declared their financial interests	N/A	100%	100%	100%	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 assessed (enumerated and classified)	Informal settlements upgrade	46 Informal settlements assessed (enumerated and classified)	100%	46 Informal settlements assessed (enumerated and classified)	31 Informal settlements assessed (enumerated and classified)	2 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	22 Informal settlements upgraded to Phase 2	100%	22 Informal settlements upgraded to Phase 2	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	200	100%	200	400	429	Supplementary Valuation Roll	N/A	N/A		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	Q1 = 97% Q2 = 96% Q3 = 95% Q4 = 87%	100%	Q1 = 97% Q2 = 96% Q3 = 95% Q4 = 87%	95%	91,75%	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	266.66 Days	100%	266.66 Days	180 days	298,38	Quarterly Awards Reports	N/A	N/A		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	Q1 = 92% Q2 = 94% Q3 = 95% Q4 = 95%	100%	Q1 = 92% Q2 = 94% Q3 = 95% Q4 = 95%	95%	98,43%	Clearance Reports	N/A	N/A		Directorate: Finance Services
KFA 37	LED 2.11	Percentage of budgeted rates revenue collected	N/A	Q1 = 61,85% Q2 = 87,25% Q3 = 81,8% Q4 = 151%	100%	Q1 = 61,85% Q2 = 87,25% Q3 = 81,8% Q4 = 151%	78%	74%	BP135 Report	Strong implementation of credit control measures.	Continued implementation of various credit control measures.		Directorate: Finance Services
KFA 37	LED2.12	Percentage of the municipality's operating budget spent on free basic services to indigent households	Free Basic Services to Indigent households	Q1 = 6,81% Q2 = 6,825% Q3 =6,82% Q4 = 7,15%	5%	Q1 = 6,81% Q2 = 6,825% Q3 =6,82% Q4 = 7,15%	5%	5.61%	1. Annual Budget Schedule 2. Excel Spreadsheet Calculation 3. General Ledger Expenditure per free basic services vote	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	Q1 = 19,10% Q2 = 15,635% Q3 = 13,25% Q4 = 12,51%	100%	Q1 = 19,10% Q2 = 15,635% Q3 = 13,25% Q4 = 12,51%	10%	11.44%	1. Annual Budget Schedule 2. Excel Spreadsheet Calculation 3. General Ledger Expenditure per free basic services vote	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	Q1 = 100% Q2 = 100% Q3 = 100% Q4 = 64%	100%	Q1 = 100% Q2 = 100% Q3 = 100% Q4 = 64%	100%	100%	S71 Report	N/A	N/A		Directorate: Finance Services
KFA 37	FM1.21	Funded budget (Y/N) (Municipal)	N/A	Funded Budget (Yes)	100%	Funded Budget (Yes)	Funded budget (YES)	Funded budget (YES)	Table B8 Cash backed reserves/accumulated surplus reconciliation of the Mid-Year Adjustment Budget and NT Assessment report	N/A	N/A		Directorate: Finance Services
KFA 37	FM2.21	Cash backed reserves reconciliation at year end	N/A	Yes	100%	Yes	Reconciliation report	Reconciliation report	Table A8 on Approved MTREF	N/A	N/A		Directorate: Finance Services
KFA 37	FM3.12	Current ratio (current asset/current liabilities)	N/A	1.36:1	100%	1.41:1	1.5:1	1.58:1	Section 72 Report	N/A	N/A		Directorate: Finance Services
KFA 37	FM3.13	Trade payables to cash ratio	N/A	<0.35:1	100%	<0.57:1	<0.5:1	0.39:1	Section 52(d) Report	Low cash and high liabilities	The City is trying increase debtor payment and pay its creditors timeously		Directorate: Finance Services

KFA 37	FM3.14	Liquidity ratio	N/A	1.34	100%	1.38	>1.6:1	0.26:1	Section 52(d) Report	The ratio takes into account current assets to payables. As at 30 June, the City realised an increase in year-end accruals and Direct Payment Vouchers (DPV), thereby increasing payables.	The City going forward will not process any DPV's and ensure all accrual cut-off are adhered to.		Directorate: Finance Services
KFA 37	FM4.11	Irregular, Fruitless and Wasteful, Unauthorised Expenditure as a percentage of Total Operating Expenditure	N/A	81,63%	100%	81,63%	0%	68%	Audited AFS	N/A	Irregular expenditure Reduction strategy		Directorate: Finance Services
KFA 37	FM4.31	Creditors payment period	N/A	134 days	100%	47 days	30 days	52 days	Section 52(d) Report	Low collection rate thus declining funds	City is managing its funds to pay creditors over 30 days first		Directorate: Finance Services
KFA 37	FM5.11	Percentage of total capital expenditure funded from own funding (Internally generated funds + Borrowings)	N/A	-6%	100%	15%	38%	29%	Section 52(d) Report	The City did not take up any loans in the year and as per the capital spending meetings most own funded Capital Projects were delayed due to invasions, Specifications delayed and sitting of Bid Committees.	The City to strictly monitor the sitting of Bid Committees through e-Procurement upgrade. The City to limit inclusion of projectsin the budget that do not have specifications prepared.		Directorate: Finance Services
KFA 37	FM5.12	Percentage of total capital expenditure funded from capital conditional grants	N/A	50%	100%	47%	59%	72%	Section 52(d) Report	N/A	N/A		Directorate: Finance Services
KFA 37	FM5.21	Percentage of total capital expenditure on renewal/upgrading of existing assets	N/A	57%	100%	69%	61%	64%	Section 52(d) Report	N/A	N/A		Directorate: Finance Services
KFA 37	FM5.22	Renewal/Upgrading of Existing Assets as a percentage of Depreciation/Asset impairement	N/A	45%	100%	44%	100%	24%	Section 52(d) Report	The City implements the Revaluation method for its assets, thereby making it difficult to attain set target.	The City is in progress to review this policy, thereby reviewing the target. The policy review forms part of the MTREF process in Feb/March.		Directorate: Finance Services
KFA 37	FM6.12	Percentage of awarded tenders [over R200k], published on the municipality's website	N/A	100%	100%	100%	100%	100%	Quarterly Awards Reports	N/A	N/A		Directorate: Finance Services
KFA 37	FM6.13	Percentage of tender cancellations	N/A	9%	100%	9%	15%	10%	Cancellation adverts	N/A	N/A		Directorate: Finance Services
KFA 37	FM7.11	Debtors payment period	Implementation of Revenue Enhancement Strategy and Credit Control Policy	302 days	100%	302 days	680 days	316 days	1. BP125 Trial Balance Billing Report 2. Debt Impairment Calculation Schedule	N/A	N/A		Directorate: Finance Services
KFA 37	FM7.31	Net Surplus/Deficit Margin for Electricity	N/A	10%	100%	-39%	-20%	-45%	Section 52(d) Report	The ratio calculates the gross margin. The losses are as a result of both technical and non-technical losses. This is further exacerbated by Non Cost Recovery Tariff.	Tariff on electricity is 16.9% under recovery which, in the current year, we have tried to recoup 12% as guided by NERSA. Continuous cost of supply will continuously be implemented annually to ensuree full cost recovery. The City is implementing Amnesty to those who are by-passing electricity. In November a full revenue Protection		Directorate: Finance Services
KFA 37	FM7.32	Net Surplus/Deficit Margin for Water	N/A	79%	100%	9%	31%	11%	Section 52(d) Report	The city did not meet the desired target due to cost over runs within the directorate. The City invested a lot of expenditure to ensure clean water provision without reciprocal revenue. The expenditure was necessary to ensure full functionality of the reservoirs	The invested expenditure was necessary which will not re-occure as it ensure the reservoirs are fixed going forward.		Directorate: Finance Services
KFA 37	FM7.33	Net Surplus/Deficit Margin for Wastewater	N/A	94%	100%	35%	46%	29%	Section 52(d) Report	The city did not meet the desired target due to cost over runs within the directorate.	The invested expenditure was necessary which will not re-occure as it ensure full maintenance of Waste water		Directorate: Finance Services
KFA 37	FM7.34	Net Surplus/Deficit Margin for Refuse	N/A	98%	100%	18%	37%	21%	Section 52(d) Report	The City is incurring huge fees in relation to plant hire for refuse trucks.	The City is in progress to review the entire model of rendering the refuse collection service. The current methods being considering are: Hire, Lease and Own. Afull cost benefit is being considered.		Directorate: Finance Services
KFA 37	GG3.11	Number of repeat audit findings	Audit	43 (2021/2022 financial year)	100%	43 (2021/2022 financial year)	0	43 (2022/2023 financial year)	Audit Action Plan	Internal Audit Control Weakness Lack of Management Review	Refer to Audit Action Plan		Directorate: Finance Services

BCMM INDICATORS												
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	1	1	1	2 (Female) employed in the 3 highest levels of Management	1 (Female) employed in the 3 highest levels of Management	Letter of Appointment	Vacant funded positions are placed under temporary moratorium until such time that the cash flow projections for the Municipality has improved.	An institutional financial recovery plan has been developed which includes the cost containment measures to comply with. The effect of the cost containment measures is monitored on an going basis.		Directorate: Corporate Services
KFA 41	C9/WGC 27	% of the municipality's budget actual spent on implementing its workplace skills plan (LGSETA Grant only)	Human Resource Development	96%	90%	87%	90%	102%	Solar printout Reports	N/A	N/A		Directorate: Corporate Services
KFA 41	WGC 150	% of grant spent on implementing ISDG Program.	ISDG	91%	85%	91%	90%	108%	Solar printout Reports	There was an adjustment on ISDG budget during mid-year term and internship contracts of 5 interns were extended that affected the budget.	No more extensions without any approval by National Treasury. No new intakes for 2024/2025 financial year as per our recovery plan.		Directorate: Corporate Services
KFA 20	WGC 205	Milestones towards implementation of Employee Perfomance Management System (Phase 1)	Implementation of electronic Performance Management System CM, HOD and Task Grade Levels 15-20	Manual System-Performance Management System	New Indicator	New Indicator	1. Appointment of Service provider 2. Design and customise electronic employee performance management system 3. Installation of the Designed and customised electronic employee performance management system software into the city systems 4. Completion of designing and customisation of electronic Performance Planning Module for City Manager & HODs.	1. Appointment of Service provider 2. Design and customise electronic employee performance management system 3. Installation of the Designed and customised electronic employee performance management system software into the city systems 4. Completion of designing and customisation of electronic Performance Planning Module for City Manager & HODs.	Appointment letter, Status Quo Report, Software installation sign-off report, status Quo Report with Screenshots of the system (specifically planning module)	N/A	N/A		Directorate: Corporate Services
KFA37	WGC24	Number of kilo-litres reduced (physical water losses in terms of system losses)	W/Demand Mangm-Water Conserv - PRV STA	1 091067,84kl	850 000kl	1 091067,84kl	850 000kl	881280	Water conservation and water demand management report	Overachieved by 31 280 kl. The target of 850 000kl has been attained in the 2023/2024 financial year. The overachievement is due to the fact that 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 consumers behaviour as a result 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	R11 507 630.21	R 5.500.000	R11 507 630.21	R 5.500.000	R10,642,144.41	Solar income reports, TCS operational reports and departmental operational reports	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: 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. 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. Director of Public Prosecutions guidelines will take effect due the age summonses/warrants of arrest are struck of the court roll. (Act 51 of 1977) Daily Roadblocks including weekends with the ANPR mobile office to collect fines income-subject to approval and weather permitting. 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. It should be noted that due to the complexity of the indicator, Traffic Services is bound and guided by Directives of Public Prosecution (DPP) as well as Legislation in terms of traffic offences issued, however, every effort is made in terms of notifying offenders of outstanding fines, certain challenges arise in that: Offenders do not come forward to pay fines and the onus is upon the offender to respond on outstanding fines payment and this is a complexity problem. Offenders due to the financial strain are unable to afford to pay their fines due to		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 Report	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	2.03%	Less than 45%	1.88%	Less than 45%	1.23%	S71 Report	N/A	N/A		Directorate: Finance Services

KFA 37	WGC31	Percentage of registered billing queries	Accurate Billing of accounts	Q1 = 0,583% Q2 = 0,521% Q3 =0,45% Q4 = 0,4%	Less than 3,5 percent of the total billing queries	Q1 = 0,583% Q2 = 0,521% Q3 =0,45% Q4 = 0,4%	3.5%	0,92%	1. IVR Query Register 2. Report on accounts issued	N/A	N/A		Directorate: Finance Services

	ACHIEVEMENT LEVELS & LEGEND	
	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

ORGANISATIONAL DEVELOPMENT PERFORMANCE
(PERFORMANCE REPORT PART II)

4. CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PEFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

As of 30 June 2024, the Municipality had a staff complement of 5093 **employees** (including fixed term contract employees). These employees contribute to service delivery needs. HR strives to ensure both skills development and a specialized support function.

T4. 0.1.

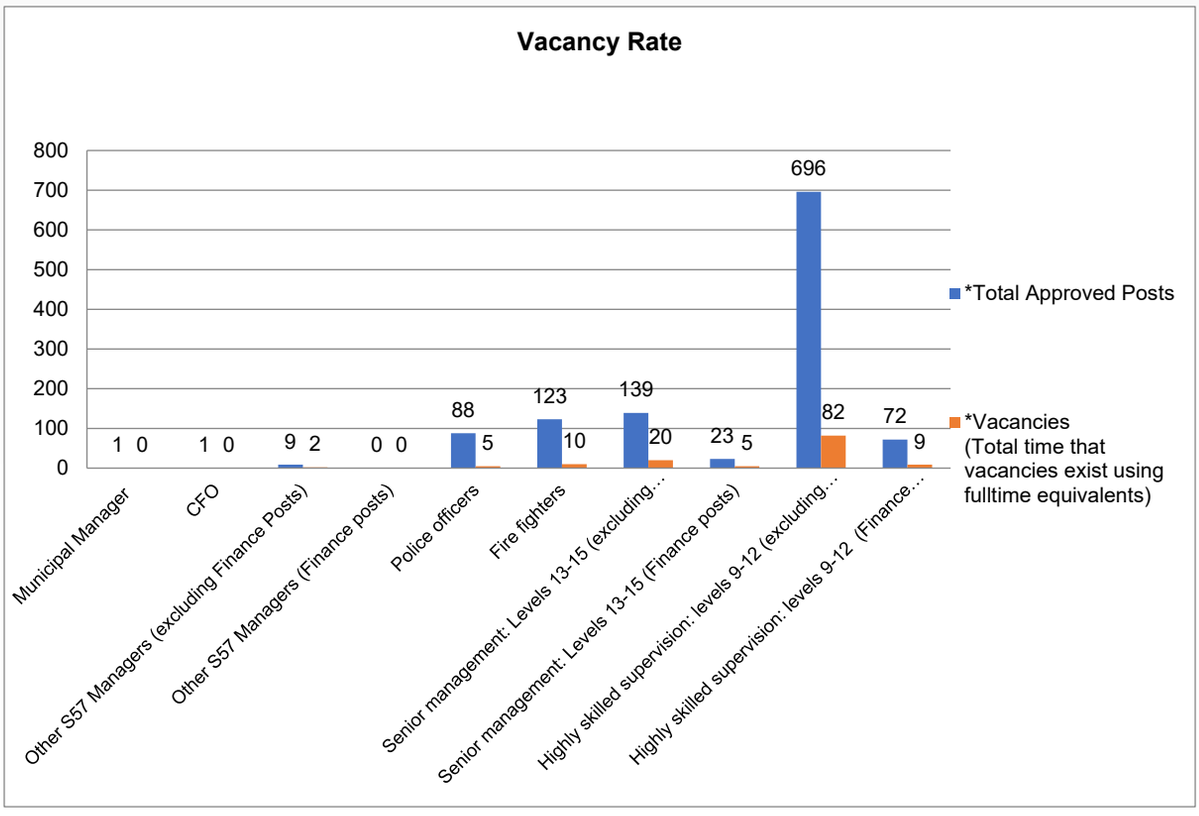
4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees

Description	Year -2022/23		Year 2023/24		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	291.	312.	281.	31.	%
Waste Water (Sanitation)	331.	350.	318.	32.	%
Electricity	205.	222.	205.	17.	%
Waste Management	668.	700.	636.	64.	%
Housing	64.	65.	61.	4.	%
Waste Water (Stormwater Drainage) added to Roads					%
Roads	280.	292.	265.	27.	%
Transport	36.	42.	34.	8.	%
Planning	124.	135.	122.	13.	%
Local Economic Development	74.	75.	73.	2.	%
Planning (Strategic & Regulatary)	179.	213.	155.	58.	%
Local Economic Development duplicate	–	–	–	–	%
Community & Social Services	212.	224.	202.	22.	%
Environmental Protection	414.	545.	494.	51.	%
Health	60.	67.	64.	3.	%
Security and Safety	668.	704.	661.	43.	%
Sport and Recreation	346.	368.	338.	30.	%
Corporate Policy Offices and Other added with Panning (Strategic & Regulatory)	–	–	–	–	%
Totals	3,952.	4,314.	3,909.	405.	–
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.					T 4.1.1

Vacancy rate

Vacancy Rate: Year 2023/2024			
Designations	***Total Approved Posts**	***Vacancies (Total time that vacancies exist using fulltime equivalents)**	***Vacancies (as a proportion of total posts in each category)**
	No.	**No.**	**%**
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	9	2	22.22
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	88	5	5.68
Fire fighters	123	10	8.13
Senior management: Levels 13-15 (excluding Finance Posts)	139	20	14.39
Senior management: Levels 13-15 (Finance posts)	23	5	21.74
Highly skilled supervision: levels 9-12 (excluding Finance posts)	696	82	11.78
Highly skilled supervision: levels 9-12 (Finance posts)	72	9	12.50
Total	1152	133	11.55
Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). 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 4.1.2



Employee turnover rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2021/2022	5404	275	5%
2022/2023	5252	243	5%
2023/2024	5093	201	4%
* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

Comment on vacancies and turnover

Appointments to the following key positions were made during the year:
a) The HOD: Public Safety & Emergency Services
b) General Manager – Human Resources Performance and Development
c) General Manager – Executive Mayor and Deputy Executive Mayor
d) Senior Manager – Business Operations
The recruitment processes is currently underway for the following HOD posts
Head of Directorate: Spatial Planning and Development – vacant with effect from 30 September 2023.
Head of Directorate: Infrastructure Services – vacant with effect from 11 October 2023.
For the year ending June 2024 a total of 84 posts were filled and terminations amounted to 201.

Reasons for terminations are listed below:

Contract Expiry	0
Deceased	24
Dismissals	18
Medical Boarding	11
Resignations	46
Retirements	102

During the year under review, Council approved the Revenue Improvement plan in December 2023 and a moratorium was placed on the filling of all vacant funded posts this was due to the cash flow status of the Municipality.

The following measures are in place to attract and retain staff:
a) Progression grades for certain posts
b) Bursary scheme
c) Training and Development
d) Scarce Skills

T4. 1.4.

COMPONENT B: MANAGING MUNICIPAL WORKFORCE

Introduction to managing municipal workforce.

BCMM is continuously striving to ensure that workforce management is managed timeously and efficiently.

The HRM Department is currently undertaking implementation of the electronic attendance system which will be rolled out in the new financial year. This will ensure accurate attendance control, managing absences and leave as well as to eliminate payroll errors.

BCMM promotes a culture of workforce safety and compliance.

Roadshows are held annually to ensure that policies and procedures are communicated to the workforce in order for them to have a better understanding of how this affects them in the workplace.

T4. 2.0.

4.2. POLICIES

HR Policies & Plans

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
3	Code of Conduct for employees			Annexure in the Disciplinary Procedure in the Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures			Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
6	Essential Services			Contained in the Labour Relations Act
7	Employee Assistance / Wellness	Not yet	85%	Employee Assistance programme policy is before the Local Labour Forum for consultation and unions have been already workshopped on the policy. It is at 85% to be complete.
8	Employment Equity			In terms of the EE ACT
10	Grievance Procedures			Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
11	HIV/Aids		85%	HIV/Aids s before the Local Labour Forum for consultation and unions have been already workshopped on the policy. It is at 85% to be complete.
12	Human Resource and Development	Yes	100%	Approved by Council 25 August 2023
13	Information Technology			
14	Job Evaluation	Yes	100%	Adopted South African Local Government Association (SALGA) Job Evaluation Policy.
15	Leave			Awaiting new Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC).
16	Occupational Health and Safety	Yes	100%	Occupational Health and Safety was revied and approved on the 25 August 2023. It is at 100% complete.
18	Official Journeys			31-May-16
19	Official transport to attend Funerals			5-May-05
20	Official Working Hours and Overtime			Managed in terms of the collective agreement, Overtime Policy awaiting reviewal
21	Organizational Rights			Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
22	Payroll Deductions			Managed in terms of the Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC) and other legislated environment
23	Performance Management and Development	Yes	100%	Approved by Council 25 August 2023
24	Staff Provisioning Policy	Yes	100%	Approved by Council 25 August 2023
25	Remuneration Scales and Allowances			Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
27	Sexual Harassment			Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
21	Regulation of tobacco use	Yes	100%	Approved by Council 25 August 2023
22	Scarce Skills	Yes	100%	Approved by Council 25 August 2023
23	Organisation Design Policy	Yes	100%	Due for consultation and final approval
32	Uniforms and Protective Clothing	Yes	100%	Approved by Council 25 August 2023
28	Sewer Allowance	Yes	100%	Approved by Council 25 August 2023
27	Progression	Yes	100%	Approved by Council 25 August 2023
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

Comment on workforce policy development.

Most Human Resources related policies have been reviewed and aligned to the new Municipal Staff Regulations, and the reviewed policies were approved by Council in August 2023. In the event of a policy needing to be reviewed, drafted or amended, Management drafts such policy or amendment and consults relevant stakeholders, before consulting the representative unions in the Local Labour Forum, with a view to obtaining consensus. The policy is then also workshopped with Councillors as part of a consultative process, where after the Policy is submitted to Council for approval.

T4. 2.1.1.

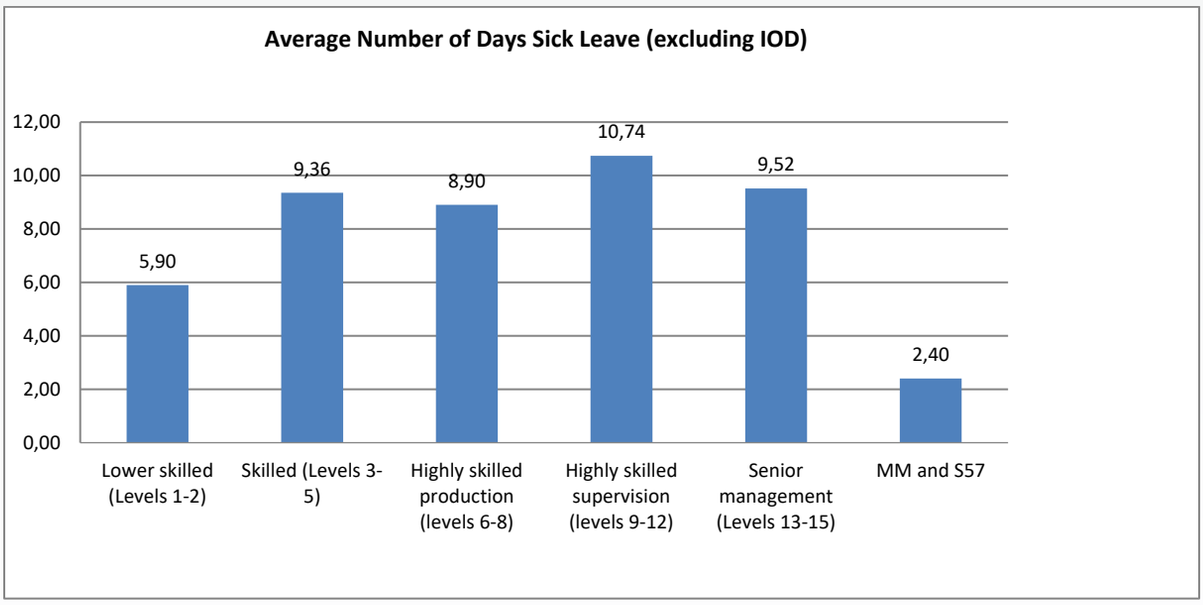
4.3. INJURIES, SICKNESES AND SUSPENSIONS.

Number & cost of injuries on duty

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	24	100%	1	0
Temporary total disablement	561	85	100%	1	2.893.291.65
Permanent disablement	0	0	0%	0	0
Fatal	1	0	0%	0	0
Total	562	109	0%	1	2.893.291.65
					T 4.3.1

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	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	118	15%	7	20	5.90	66
Skilled (Levels 3-5)	24606	16%	1777	2630	9.36	15706
Highly skilled production (levels 6-8)	11741	22%	967	1387	8.47	11700
Highly skilled supervision (levels 9-12)	8346	22%	746	777	10.74	13671
Senior management (Levels 13-15)	2560	19%	236	269	9.52	7962
MM and S57	24	17%	6	10	2.40	148
Total	47395	19%	3739	5093	9.31	49253
* - Number of employees in post at the beginning of the year						T 4.3.2
*Average is calculated by taking sick leave in colunm 2 divided by total employees in colunm 5						



T4.3.3.

Comment on injuries and sick leave

Injuries

BCMM is highly devoted to the well being of its employees to ensure that they can perform at an optimal level. Through the Employee Wellness Centre operating within the Directorate of Corporate Services, BCMM implements Occupational Health and Safety programs that follow the Occupational Health and Safety Act, Compensation for Occupational Injuries and Diseases Act, Disaster Management Act, Covid-19 Regulations, Primary Healthcare and Employee Assistance Programs services.

The institution has a doctor that visit the Wellness centre on weekly basis to attend to all employees that are need the doctor`s services on health-related matters.

As part of curbing the Injuries on Duty (IODs), Human Resources Performance and Development department had embarked on roadshows to present different policies that have been approved in August 2023 to the various departments in the BCM Municipality. Roadshows commenced in March 2024 to August 2024.

The following policies were presented:
a) The Regulation of Tobacco Use Policy
b) Occupational Health and Safety Policy
c) Personal Protective Attire and Equipment Policy
d) Employee Wellbeing

The following methods are being used in the municipality to prevent accidents from occurring.

Conducting Risk assessment: by regularly identify and evaluating hazards. Encouraging employees to report hazards and ensuring that employees are wearing their Personal Protection Clothing.

Safety Training and Education: provide safety orientation training for new employees. Regularly update employee knowledge and skills and ensuring employees receive relevant certifications for safety training. Provide on-going safety workshops to all departments.

Safety Management Systems: ensure that safety policies and procedures are communicated to all employees. Investigate accidents to identify root causes. Review and update safety procedures on a regularly.

Employee Participation and Engagement: ensure that all safety committees are established and functioning. All Safety representatives are appointed in the prescribed manner and encourage employee feedback on safety concerns.

Regular Inspections and Maintenance: scheduled regular inspection and maintenance of equipment. Conduct regular facility inspections. Encourage inspections of tools before use.
Follow-up actions in relations to injuries:
- Management to ensure that the injury is reported to the relevant authorities.
- Ensure that the injures employee receives medical attention.
- Conduct a thorough investigation into the cause of injury
- Schedule follow-up medical appointments.

Sick leave
- Buffalo City Metro Municipality workforce is going through financial and personal stress, inadequate work-life balance, and poor self-care habits have led to decreased productivity, increased absenteeism, and rising healthcare costs, eventually impacting overall well-being and organizational performance.
- Employee Assistance Programme (EAP) is a work-based intervention program designed to assist employees in resolving personal and work-related concerns that may be adversely affecting the employee's performance.

BCMM Employee Assistance Programme (EAP) mainly focus on the following areas in providing support to employees:

- One on one individual counselling sessions and group therapy.
- Substance abuse awareness.
- Work related issues.
- Trauma and Grief counselling.
- Wellness programs, financial wellness, physical wellness in collaboration with other stakeholders e.g., Psychologists, Doctors, Psychiatrists, and other professional institutions.

Employee Assistant Program (EAP) reduces the impact of sick leave by proactively addressing personal or work-related issues that might lead to employees taking time off due to stress, mental health concerns or family problems.

Wellness events are offered from time to time to help employees stay healthier and more productive at work to reduce the high rate of sick leave.

Wellness events that have already been conducted covered financial wellness, physical wellness (Aerobics, Yoga) fitness activities, Know HIV status, TB screening, high blood pressures, diabetes, dental optometrist etc.

Employees are being addressed on mental health issues because of high sick leave taken. Psychological Family issue support is offered to families of employees to reduce family responsibility leaves.

Follow-up actions in relation to sick leave:

- Monitor the employee's absence and ensure that they provide medical certification from healthcare provider to confirm nature and duration of their illness.
- Offer the employee access to an employee assistance program (EAP).
- Maintain accurate and detailed documentation.

T4. 3.4.

Number and period of suspensions.

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalized**
Meter reader	Gross misconduct in that he spoke negatively about the employer in social media	6-Sep-24	Charges are being drafted to serve the employee	
Manager - Consolidate Billing	Sexual Harassment	31-May-24	Process Of Appointing a Presiding Officer	N/A
				T 4.3.5

Disciplinary action taken on cases of financial misconduct.

There were no cases of financial misconduct for the year under review.

T4. 3.6.

Comment on cases of financial misconduct

There were no suspensions more than 4 months for the year under review.

T4. 3.7.

4.4. PERFORMANCE REWARDS.

Performance rewards by gender

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2024/2025	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	N/A	N/A	N/A	N/A
	Male	N/A	N/A	N/A	N/A
Skilled (Levels 3-5)	Female	N/A	N/A	N/A	N/A
	Male	N/A	N/A	N/A	N/A
Highly skilled production (levels 6-8)	Female	N/A	N/A	N/A	N/A
	Male	N/A	N/A	N/A	N/A
Highly skilled supervision (levels 9-12)	Female	N/A	N/A	N/A	N/A
	Male	N/A	N/A	N/A	N/A
Senior management (Levels 13-15)	Female	N/A	N/A	N/A	N/A
	Male	N/A	N/A	N/A	N/A
MM and S57	Female	N/A	N/A	N/A	N/A
	Male	N/A	N/A	N/A	N/A
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
Note: MSA 2000 S51(d) requires that … 'performance plans, on which rewards are based should be aligned with the IDP'… (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. 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 4.4.1

Comment on Performance reward

No performance rewards were awarded during 2023/2024 Financial Year. At this stage, a Performance Incentives and Rewards policy exists to regulate awarding of incentives and rewards to non-section 56/57 employees only. This policy delineates guidelines that guide its administration, as soon as the Employee Performance & Development System has been rolled out, institution-wide, by the end of financial year 2025/26.

T4. 4.1.1.

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

Introduction to municipal workforce capacity development

The Buffalo City Metropolitan Municipality (BCMM) Annual Training Plan derived from Workplace Skills Plan (WSP) 2023/2024 document that was developed in consultation with stakeholders within the municipality and submitted to the Local Government Seta for final approval by the cut-off date of 29 April 2023 in line with the Skills Development Act No. 97 of 1998.

Development interventions rolled out therefrom were inclusive of both the workforce as well as the unemployed young graduates in contributing to the cause of Local Economic Development. Youth development interventions were composed of Internships, In-service Training or Work Integrated Learning (WIL) and Mentorship programmes. Buffalo City Metropolitan Municipality receives Conditional Grant annually from National Treasury namely; Infrastructural Skills Development Grant (ISDG), BCMM was able to implement an internship program to capacitate/assist local young unemployed graduates towards professional registration with their respective statutory professional bodies.

The Infrastructural Skills Development Grant (ISDG) internship programme only caters for fields of study falling within the built environment and with professional bodies which are as follows: Engineering Council of South Africa (ECSA), South African Council for Planners (SACPLAN), South African Council for Property Valuers Profession, (SACPVP), South African Geomatics Council (SAGC) as well as South African Council for Natural Scientist Profession (SACNASP). Since the inception of ISDG Programme in 2013 a total number of 35 graduates were professionalised and 18 of these professionalised graduates were permanently appointed by BCMM. During 2023/2024 financial year there were twenty-five (25) graduates and two (2) graduates out of twenty-five (25) dropped out of the ISDG programme. Eleven (11) graduates is expected to complete the ISDG programme by end of June 2025 and the remaining 12 graduates will complete in October 2026. BCMM has benefited from this programme through the employment of professionals who graduated in various disciplines including Civil Engineering, Electrical Engineering, Land Survey, Town Planning, Geographic Information Systems

Internship programmes focused in other operational areas of the municipality have also been rolled out with the financial support of the Local Government SETA and BCMM own funding. Total number of 29 interns were engaged in the programme during the 2023/204 financial year and are due to complete their internship programme in December 2025.

BCMM partnered with Disability Economic Empowerment Trust (DEET) through the Memorandum of Understanding. A total number of 116 of unemployed disabled youth were placed at BCMM in various departments to gain knowledge and skills as well as work exposure focusing on Artisanship, Learnership such as Plumbing, Bricklaying, Carpentry and Supply Chain Management for a period of six (6) months from August 2023 to January 2024. On the WIL – Work Integrated Learning BCMM assisted 14 Buffalo City Tvet college students to gain workplace exposure for a period of 3 months from May 2024 to July 2024.

Buffalo City Metropolitan Municipality (BCMM) helps its employees with funding for registration with Further Education &Training Colleges and Universities for studies in various fields of study that are relevant to municipal operations. A total of 619 employees were awarded bursaries to register for part time studies starting from Matric, National Certificates, Diploma, Degrees, Honours and Post Graduate Degree level.

The municipality continues to develop officials who are affected by the MFMA Minimum Competency Levels Regulations to acquire competencies as prescribed in the applicable Occupational Category Unit Standards.

T4.5.0.

4.5. SKILLS DEVELOPMENT AND TRAINING

Skills matrix

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2024	Number of skilled employees required and actual as at 30 June 2024											
			Internships & Work Integrated Learning (WIL)			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2022/2023	Actual: End of 2023/2024	Year 2023/2024 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	Year 2023/2024 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	Year 2023/2024 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2023/2024 Target
MM and s57	Female	5			0			2			0			2
	Male	6			0			1			1			2
Councillors, senior officials and managers	Female	99			0			11			4			15
	Male	159			0			18			1			19
Technicians and associate professionals*	Female	172			33			3			0			36
	Male	242			33			8			2			43
Professionals	Female	139			19			8			5			32
	Male	125			16			12			7			2
Sub total	Female	415			52			24			9			85
	Male	532			49			39			11			66
Total		1894		0	101	0	0	63	0		20	0		151
*Registered with professional Associate Body e.g CA (SA)														T 4.5.1

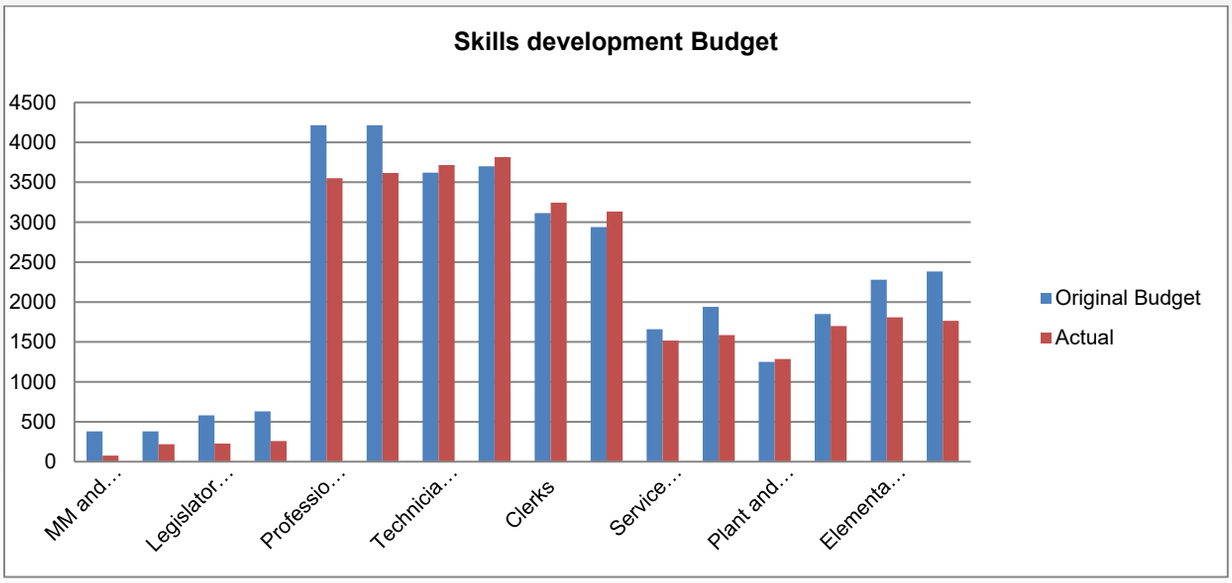
Financial competency development: Progress report

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	2	2	2	2
Chief financial officer	1	1	2	2	2	1
Senior managers	8	1	9	9	9	7
Any other financial officials	34	0	34	34	0	26
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	2	0	2	2	2	2
TOTAL	47	3	50	49	15	39
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

Skills development expenditure

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year 2023/2024	Original Budget and Actual Expenditure on skills development Year 2023/2024							
			Internships & Work Integrated Learning (WIL)		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	5	0	0	180	75	200	0	380	75
	Male	5	0	0	180	70	200	148	380	218
Legislators, senior officials and managers	Female	99	0	0	180	110	400	116	580	226
	Male	159	0	0	180	100	450	159	630	259
Professionals	Female	139	3465	3000	250	165	500	385	4215	3550
	Male	125	3465	3000	250	161	500	455	4215	3616
Technicians and associate professionals	Female	172	3000	3200	270	80	350	435	3620	3715
	Male	242	3000	3200	280	85	420	530	3700	3815
Clerks	Female	567	1588	1774	400	120	1125	1350	3113	3244
	Male	177	1589	1774	350	110	1000	1250	2939	3134
Service and sales workers	Female	457	0	0	230	70	1430	1447	1660	1517
	Male	726	0	0	420	91	1520	1495	1940	1586
Plant and machine operators and assemblers	Female	26	0	0	250	85	1000	1200	1250	1285
	Male	186	0	0	250	77	1600	1622	1850	1699
Elementary occupations	Female	909	0	0	643	105	1637	1704	2280	1809
	Male	1177	0	0	744	104	1638	1661	2382	1765
Sub total	Female	2374	8053	7974	2403	810	6642	6637	17098	15421

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year 2023/2024	Original Budget and Actual Expenditure on skills development Year 2023/2024							
			Internships & Work Integrated Learning (WIL)		Skills programmes & other short courses		Other forms of training Bursaries		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
	Male	2792	8054	7974	2654	798	7128	7320	18036	16092
Total		5166	16107	15948	5057	1608	13770	13957	35134	31513
Budget is inclusive of R 10 770m received from National Treasury augmenting to R 24 365m from BCMM Cofas to make R 35 134 .									35134	31513
										T4.5.3



T4.5.3.

Comment on Skills development expenditure

The Workplace Skills Plan for the 2023/2024 financial year was developed and implemented throughout the municipality including spontaneous training requests arising out of performance deficiencies identified during the year. A target of 90% expenditure on allocated training budget of R 24 364 511,00 was set up and performance measured quarterly until the end of the financial year and ISDG was allocated an amount of R 10 770 000,00. By the end of the financial year, 2023/2024 the institution spent 102% on the training budget and ISDG spent 108% total allocated budget which owed to overspending due to budget cuts during mid-year adjustment period and the extension of four (4) ISDG graduates' contracts for a period of six (6) months to allow them to make submission of their reports to the council towards professional registration in order to complete the programme and be professionalised. The training budget used for the roll-out of bursary assistance to employees and implementation of training interventions sourced from LGSETA grants and BCMM own funds as well as National Treasury Conditional Grant. Funding received from these sources has proved to be adequate for planned development interventions.

Briefings are held consistently with departments to plan for the development of staff so that their needs find expression in the WSP. Assistance has been given to all employees affected by the MFMA Regulations on minimum competency levels to acquire the Unit Standards prescribed for certain occupational categories.

A little progress is witnessed as per the assessment of training through training and bursary schemes e.g., Fire and Community service departments where their staff have benefited in promotion positions during their completion of studies.

HRD is in the process of assessing and monitoring implementation of Succession planning.

On the minimum competency levels – HOD: Public Safety & Emergency Services have enrolled for the MFMP Programme with Wits University, and a follow up will be made to the recent appointed HODs: Infrastructure Services and Spatial Development Planning.

T4.5.4.

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

Introduction to workforce expenditure

Workforce expenditure for the year under review is summarized as follows:



Total staff budget for 2023/24

R 2 839 803 200



Total staff expenditure for 2023/24

R2 805 096 636



Savings on staff expenditure for 2023/24

R34 706 654

The national salary increase for staff below S56 level is negotiated by the SALGBC and for the 23/24 financial year the increase was 5.4%.

Section 56 Senior Managers have not yet received the salary increase for 2023/2024. The last salary increases of 3% for 2022/23 financial year as regulated by Government Gazette No 48789 dated 14 June 2023 and 1.5% increase were awarded to this category of employees in the 2021/22 financial year.

Staff costs and expenditure is closely monitored and controlled each month by respective Line Managers. The Budget office submits monthly reports on any over/under expenditure and Line Managers are required to take the necessary corrective actions to be within the budgeted parameters.

The Municipality seeks to obtain value for money from the work force expenditure through various control initiatives such as Absenteeism Reduction and closely monitoring of Attendance. Line Managers are required to ensure that employees are productive and are performance driven.

Overtime costs remain a challenge. There are various mechanisms that are initiated to address this problem and are currently work in progress at various stages. The implementation of approved Overtime Policy faced some challenges and as a result it was withdrawn pending further consultation with Organised Labour. The consultation process with the Organised Labour is under way. The work study project to determine the root causes of excessive overtime has been cancelled as it was agreed by the audit committee that the root causes are known.

Engagements between Human Resources and Line Departments were initiated in an effort to convert 5-day workers to shift workers in instances where this may reduce overtime expenditure. This initiative has been put on hold due to the introduction of financial recovery plan.

T4.6.0.

4.6. EMPLOYEE EXPENDITURE

Workforce Expenditure Trends

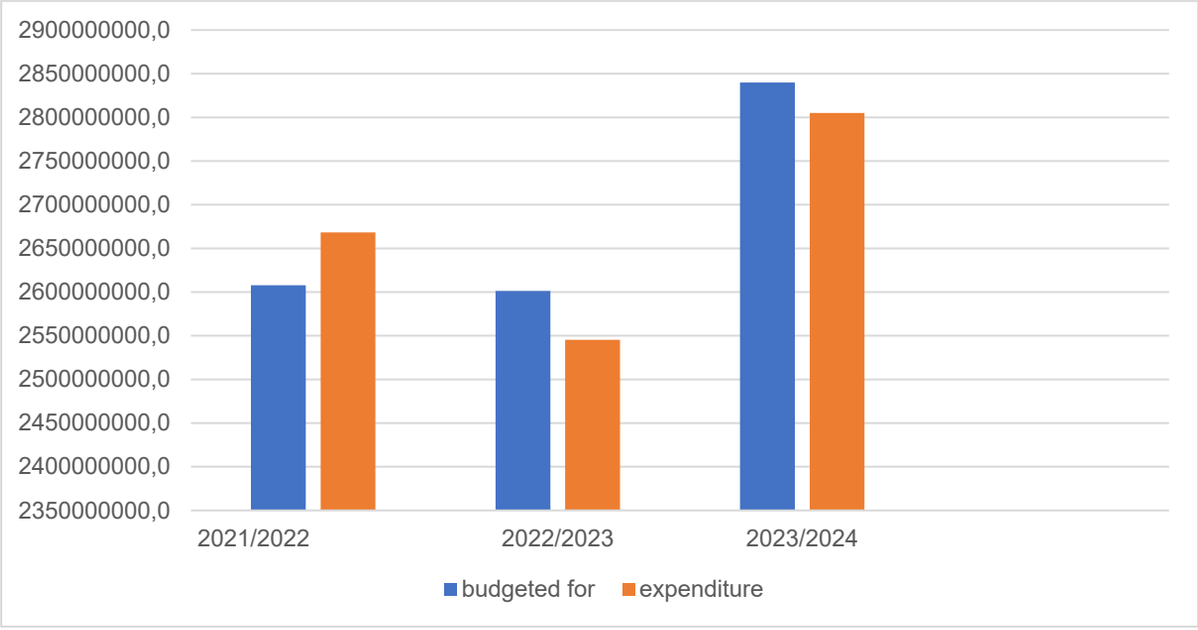
The following are the workforce expenditure trends:

Financial Year	Budgeted amount	Expenditure	Expenditure Pattern
2021/2022	R 2,607,847,971	R 2,601,202,606	Actuals within budget
2 022/2023	R 2,668,350,873	R 2,545,378,724	Actuals within budget
2023/2024	R 2,839,803,200	R 2,805,096,636	Actuals within budget

T4.6.1.

Comment On Workforce Expenditure.

Expenditure for the 2023/2024 financial year was within budget.
Expenditure is monitored monthly, and any deviations are reported to the relevant HODs for comment.



T4.6.1.1.

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 1-2)	Female	_
	Male	_
Skilled (Levels 3-5)	Female	1
	Male	_
Highly skilled production (Levels 6-8)	Female	9
	Male	2
Highly skilled supervision (Levels9-12)	Female	3
	Male	17
Senior management (Levels13-16)	Female	1
	Male	6
MM and S 57	Female	_
	Male	_
Total		39
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		T 4.6.2

Employees Whose Salary Levels Exceeded the Grade Determined by Job Evaluation

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	**Number of employees**	**Job evaluation level**	**Remuneration level**	**Reason for deviation**
Office Manager: Spatial Planning & Development	1	14	Salary exceeds Task Grade	No deviation
Senior Secretary: Spatial Planning & Development	1	8	Salary exceeds Task Grade	No deviation
				T 4.6.3

Employees appointed to posts not approved.

Employees appointed to posts not approved				
Department	**Level**	**Date of appoinment**	**No. appointed**	**Reason for appointment when no established post exist**
none				
				T 4.6.4

Comment on upgraded posts and those that are at variance with normal practice.

2 Batches were implemented in the financial year 23/24. Batch 18 comprising of 64 positions and Batch 19 comprising of 42 positions. In Batch 18, 11 positions were upgraded and in Batch 19, 12 positions were upgraded.

2 positions exceeded their grade values, and the incumbents remained contractual to holder. The new applicable values will be implemented when new incumbents occupied the positions.

T4.6.5.

Disclosure of financial interests

T4.6.6.

Refer to Appendix J

CHAPTER 5
FINANCIAL PERFORMANCE

5. CHAPTER 5: FINANCIAL PEFORMANCE.

Introduction to financial performance

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

Revenue Management

The key functions of the Revenue Management Department include the following:

- Meter Reading
- Billing of Property Rates and Service Charges
- Indigent Registration and monthly subsidy allocation
- Enquiries and Customer Services
- Call Centre Services
- Property Valuations and Appeals
- Revenue Collection
- Debt Management, including disconnections, blocking and legal collection action
- Bad Debt Write Offs
- Electricity Prepayment Vending and Third-Party Collections

Billing

During the financial year, municipal bills were produced every month and sent to customers. On 01 July 2023 the results of the General Property Valuation were implemented in terms of Legislation. The Revenue Management Department also implemented supplementary valuations during the financial year. Property owners were afforded the opportunity to lodge disputes against their valuation and these were attended to during the financial year. Where applicable adjustments were made to the accounts.

The Municipality continues to experience challenges in the posting of municipal accounts via the South African Postal Service. This has a negative impact on the municipality's cash collection and cash flow. The municipality continued to send electronic statements. Customers were also able to access their monthly statements via the municipal web portal. During the financial year, where the municipality was not able to read meters', interim readings based on historical consumption were charged.

Debt Collection

The priority of the Department was to increase the collection of debt and to reduce the debt book. Unfortunately, BCMM was not able to meet the collection rate target of 78% but rather 71.29% related to rates and service charges. Despite the implementation of Debt Collection action in the form of telephone calls, pre-termination notices, suspension or blocking of electricity, the collection rate in 2023/2024 declined. This was evident in the continued increase in outstanding debt in respect of rates and service charges. Due to the economic pressures on the residents of Buffalo City a large proportion of communities have found it difficult to pay for their rates and service charges on a monthly basis. Customers find it increasingly difficult to keep up with the increased cost of living as well as Tariff increases in respect of Rates and Service charges. The Municipal Council extended the debt incentive scheme in order to assist customers with the payment of their accounts and affording them the opportunity of a debt write off of older debt, however many customers are not able to find the payment required for the debt to be written off.

Measures taken to improve performance

The following measures were implemented:

- Continued disconnection of electricity meters and blocking of prepayment meters in terms of the credit control policy.
- Implementation of a community outreach programme to assist the consumers with the management of their accounts and resolving of queries. Also to raise awareness of the metro's interventions such as the installed smart meters, query portals and online statement portal.
- Analysis of returned mail resulting in rectification of postal addresses and a reduction in returned mail.
- Updating of consumer data, to ensure that credit control action in the form of telephone calls, SMS notification and letters to customers where applicable.
- Continued Implementation of the Revenue Enhancement Strategy, specifically to enforce the debt collection action.
- Debt write-off in respect of indigent and uncollectable debt.

T5.0.1.

COMPONENT A: STATEMENT OF FINANCIAL POSITION

Introduction to financial statements

Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.

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 2023/2024 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 R0.455 billion was incurred for the year under review. This reflects an unfavourable variance of R0.014 billion in comparison to the budgeted deficit of R0.441 billion.

The favourable revenue variance of R0.077 billion was due to the following factors:
a) Investment revenue: total revenue realised was R0.052 billion which was R0.013 billion above the budgeted amount of R0.038 billion.
b) Other own revenue: total revenue realised was R1.55 billion which was R0.291 billion above the budgeted amount of R1.257 billion.

The Metro's total operating expenditure was higher than the anticipated budget. The largest contributors to this variance of R0.091 billion are as follows:
a) Finance charges: amounted to R0.046 billion which was R0.033 billion above the budgeted expenditure of R0.013 billion.

b) Other expenditure: amounted to R1.996 billion which was R0.336 billion above the budgeted expenditure of R1.660 billion.

The statement of financial position for 2023/2024 reflects a favourable position as the Metro is having excess assets over liabilities resulting into the net worth of R32.272 billion. The value of the municipality's total assets is R35.847 billion, which comprise of current assets to the value of R4.132 billion and non-current assets amounting to R31.714 billion. The value of the municipality's total liabilities is R3.574 billion, which comprise of current liabilities to the value of R2.608 billion and non-current liabilities amounting to R0.966 billion.

The long-term loans comprise a total of R0.108 billion, which is a decrease of R0.030 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.

T5.1.0.

5.1. STATEMENT OF FINANCIAL PEFORMANCE

Reconciliation of Table A1 Budget Summary

Description	2023/2024											2022/2023			
R thousands	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
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	2,208,577	–	2,208,577			2,208,577	2,127,634		(80,943)	96.3%	96.3%				1,784,854
Service charges	4,446,988	(59,156)	4,387,832			4,387,832	4,332,573		(55,259)	98.7%	97.4%				3,627,141
Investment revenue	24,054	14,659	38,713			38,713	51,630		12,917	133.4%	214.6%				247,427
Transfers recognised - operational	1,463,862	29,638	1,493,500			1,493,500	1,351,978		(141,522)	90.5%	92.4%				1,936,174
Other own revenue	1,272,075	(14,366)	1,257,709			1,257,709	1,457,454		199,745	115.9%	114.6%				1,094,892
Total Revenue (excluding capital transfers and contributions)	**9,415,557**	**(29,225)**	**9,386,331**			**9,386,331**	**9,321,268**		**(65,064)**	**99.3%**	**99.0%**				**8,690,487**
Employee costs	2,884,448	113,612	2,770,836			2,770,836	2,736,129	–	(34,707)	98.7%	94.9%	–	–	–	2,443,914
Remuneration of councillors	74,057	5,090	68,967			68,967	68,967	–	(0)	100.0%	93.1%	–	–	–	71,600
Debt impairment	1,328,917	(154,974)	1,483,891			1,483,891	1,336,718		(147,173)	90.1%	100.6%	–	–	–	956,486
Depreciation & asset impairment	1,903,202	(211)	1,903,413			1,903,413	1,891,873	–	(11,540)	99.4%	99.4%	–	–	–	1,896,596
Finance charges	13,567	(25)	13,592			13,592	46,211	–	32,619	340.0%	340.6%	–	–	–	48,316
Materials and bulk purchases	2,798,808	161,051	2,637,757			2,637,757	2,563,563	–	(74,193)	97.2%	91.6%	–	–	–	2,263,100
Transfers and grants	154,110	13,541	140,569			140,569	131,531	–	(9,038)	93.6%	85.3%	–	–	–	91,955
Other expenditure	1,541,816	(118,837)	1,660,653			1,660,653	1,904,776	–	244,123	114.7%	123.5%	–	–	–	1,526,728
Total Expenditure	**10,698,924**	**19,247**	**10,679,677**			**10,679,677**	**10,679,768**	–	**91**	**100.0%**	**99.8%**	–	–	–	**9,298,695**
Surplus/(Deficit)	**(1,283,367)**	**(48,472)**	**(1,293,346)**	–	–	**(1,293,346)**	**(1,358,500)**	–	**(64,973)**	**105.0%**	**105.9%**				**(608,208)**
Transfers recognised - capital	759,472	92,525	851,998			851,998	838,435		(13,563)	98.4%	110.4%				–
Contributions recognised - capital & contributed assets	–	–	–			–	22,409		22,409	0.0%	0.0%				
Surplus/(Deficit) after capital transfers & contributions	**(523,895)**	**44,053**	**(441,348)**			**(441,348)**	**(497,656)**		**(56,126)**	**112.8%**	**95.0%**				**(20,143)**
Taxation	–	–	–			–	-		–	0.0%	0.0%				
Share of surplus/ (deficit) of associate	–	–	–			–	40,750		(40,750)	0.0%	0.0%				(20,143)
Surplus/(Deficit) for the year	**(523,895)**	**44,053**	**(441,348)**			**(441,348)**	**(456,906)**		**(96,876)**	**103.5%**	**87.2%**				**(628,351)**
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	759,472	92,525	851,998			851,998	838,435		(13,563)	98.4%	110.4%				(838,435)
Public contributions & donations	–	–	–			–	–		–	0.0%	0.0%				
Borrowing	–	–	–			–	–		–	0.0%	0.0%				–
Internally generated funds	459,854	27,581	487,435			487,435	346,368		(141,067)	71.1%	75.3%				772,324
Total sources of capital funds	**1,219,326**	**120,107**	**1,339,433**			**1,339,433**	**1,184,803**		**(154,630)**	**88.5%**	**97.2%**				**(66,111)**
Cash flows															
Net cash from (used) operating	1,146,286	298,474	1,444,760			1,444,760	1,140,201		(304,559)	78.9%	99.5%				1,451,594
Net cash from (used) investing	(1,219,326)	(105,138)	(1,324,464)			(1,324,464)	(1,069,130)		255,334	80.7%	87.7%				(1,419,936)
Net cash from (used) financing	(43,136)	7,071	(36,065)			(36,065)	(30,060)		6,005	83.4%	69.7%				(49,141)
Cash/cash equivalents at the year end	**692,472**	**71,734**	**764,206**			**764,206**	**720,987**		**(43,220)**	**94.3%**	**104.1%**				**679,975**

T5.1.1

Financial performance of operational services

Financial Performance of Operational Services						R '000
Description	2022/2023	2023/2024			2023/2024 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	1,084,984	844,338	1,231,620	1,279,960	34.03%	3.78%
Waste Water (Sanitation)	456,301	363,043	409,091	491,320	26.11%	16.74%
Electricity	2,700,606	3,503,924	3,003,387	3,830,729	8.53%	21.60%
Waste Management	538,279	487,212	615,098	651,135	25.18%	5.53%
Housing	62,157	187,439	172,899	67,202	-178.92%	-157.28%
Component A: sub-total	4,842,327	5,385,955	5,432,096	6,320,346	14.78%	14.05%
Waste Water (Stormwater Drainage)	0	0	0	0	0.00%	0.00%
Roads	997,145	455,915	444,310	749,690	39.19%	40.73%
PIU & Construction	30,886	43,872	39,518	29,946	-46.50%	-31.96%
Transport	127,390	86,223	86,124	126,787	31.99%	32.07%
Component B: sub-total	1,155,420	586,010	569,952	906,423	35.35%	37.12%
Planning	95,074	94,188	91,632	94,987	0.84%	3.53%
Local Economic Development	151,203	1,514,273	1,564,393	267,595	-465.88%	-484.61%
Component B: sub-total	246,277	1,608,461	1,656,025	362,583	-343.61%	-356.73%
Libraries, Archieves, Museums, Galaries, Community Facilities etc	224,881	166,242	164,136	223,315	25.56%	26.50%
Cemetories and Crematoriums	92,165	127,286	86,608	93,944	-35.49%	7.81%
Child Care, Aged Care, Social Programmes	0	0	0	0	0.00%	0.00%
Component C: sub-total	317,046	293,528	250,744	317,258	7.48%	20.97%
Pollution Control	0	0	0	0	0.00%	0.00%
Bio-Diversity, Landscape and Other	199,333	252,413	197,792	197,997	-27.48%	0.10%
Component E: Environmental Protection - sub-total	199,333	252,413	197,792	197,997	-27.48%	0.10%
Clinics	0	0	0	0	0.00%	0.00%
Ambulance Service	0	0	0	0	0.00%	0.00%
Health Inspection, Food and Abbatoir Licensing and Inspection	49,412	46,249	48,682	48,320	4.29%	-0.75%
Component F: Health - sub-total	49,412	46,249	48,682	48,320	4.29%	-0.75%
Traffic Services & Law Enforcement	320,715	366,785	413,088	413,035	11.20%	-0.01%
Fire	189,993	143,746	157,446	157,053	8.47%	-0.25%
Other (Disaster Management, Animal Licencing and Control etc	5,238	6,028	6,401	6,288	4.13%	-1.80%
Component G: Security and Safety - sub-total	515,946	516,559	576,935	576,376	10.38%	-0.10%
Sport and Recreation	105,173	100,226	96,569	93,594	-7.09%	-3.18%
Component H: Sport and Recreation - sub-total	105,173	100,226	96,569	93,594	-7.09%	-3.18%
Executive and Council	387,416	415,255	384,541	374,989	-10.74%	-2.55%
Financial Services	687,968	1,012,840	981,208	948,908	-6.74%	-3.40%
Human Resources Services	147,456	130,926	147,344	145,719	10.15%	-1.12%
Information and Communication Technology	101,689	109,996	98,110	98,298	-11.90%	0.19%
Property, Legal, Risk Management and Procurement Services	229,564	159,771	167,580	195,972	18.47%	14.49%
Component I:Policy Offices and Other sub-total	1,554,092	1,828,787	1,778,801	1,763,886	-3.68%	-0.85%
Other	98,250	80,735	72,081	92,985	13.17%	22.48%
Component J: Other sub-total	98,250	80,735	72,081	92,985	13.17%	22.48%
Total Expenditure	**9,083,278**	**10,698,924**	**10,679,677**	**10,679,768**	**-0.18%**	**0.00%**

T5.1.2

Comment on Financial performance

COMMENTS ON MATERIAL VARIANCES (SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS FINAL BUDGET):

REVENUE BY SOURCE

Investment revenue
Increased interest rates by South African Reserve Bank, impacted interest earned on Investments positively.

Other own revenue
The variance is a result of Interest earned from Receivables; the debtor's book is increasing due to non-payment of debtors. The increase in debtor's results in an increase in interest charges, despite credit control action being implemented.

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
An amount of R34m relates to accrued interest in respect of the Landfill Provision, this is a non-cash item that was not budgeted for because previously it used to be capitalised back to the asset components which was not in line with GRAP.

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 deficit for the year that has been incurred by the Metro is mainly caused by two non-cash items -

Depreciation & amortisation and Debt impairment.

Contributions recognised - capital & contributed assets
The donations are all electricity infrastructure, donated from various stakeholders. The biggest one being from Eastern Cape Development Corporation (ECDC) for the Dimbaza industrial Park Miniature Substation of R18.47 million.

Internally generated funds

The major contributing factors on low expenditure are procurement and project management inefficiencies that resulted in the slow progress in implementing own funded capital projects, however most of the projects are already awarded and the funding of such projects is fully committed.

CASH FLOWS

Net cash from (used) operating
A significant increase in payments to suppliers was observed in an aim to promote grant expenditure and reduce creditors days.

Net cash from (used) investing

Increase in capital expenditure and reduction in disposals for the year.

Net cash from (used)financing
Significant reduction on financing costs as the loan capital amount reduces

T5.1.3

5.2. GRANTS

The grant performance table below provides a summary of operating transfers and grants. The operating transfers and grants performance total to R1.351 billion which is 97% of the budget of R1.392 billion

Operating Grant Performance

R' 000

Description	2022/2023	2023/2024			2023/2024 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**1,172,191**	**1,268,758**	**1,247,747**	**1,247,500**	**-2%**	**0%**
Equitable share	1,045,448	1,138,058	1,138,058	1,138,058	0%	0%
Infrastructure Skills Development	11,464	10,850	10,624	10,624	-2%	0%
Finance Management	979	1,000	1,000	999	0%	0%
Expanded Public Works Programme Inc	10,727	6,093	6,093	6,094	0%	0%
Urban Settlement Development	44,185	45,441	29,592	30,566	-49%	3%
Public Transport Network Grant	–	–	–	–	0%	0%
Neighbourhood Development Grant	29,351	21,000	25,759	25,758	18%	0%
Informal Settlement Upgrading Partnership Grant	16,262	27,408	23,712	23,712	-16%	0%
Programme and Project Preperation Support Grant	13,775	18,908	12,908	11,689	-62%	-10%
Integrated City Development Grant	–	–	–	–	0%	0%
Other transfers/grants [insert description]						
Provincial Government:	**20,091**	**128,570**	**121,654**	**20,197**	**-537%**	**-502%**
Library Subsidy	15,870	15,870	15,870	15,870	0%	0%
PG EC - Seta Grant	4,221	–	–	4,327	0%	0%
Human Settlement Development Grant	–	112,700	105,784	–	0%	0%
District Municipality:	**–**	**–**	**–**	**–**	**-**	**-**
State Health-Environmental	–	–	–	–	–	–
Other grant providers:	**11,289**	**–**	**22,669**	**84,281**	**100%**	**73%**
Parent Municipality	(1,286)		16,143	16,143	0%	0%
Salaida/Gavle	156	–	34	15	100%	-125%
Eastern Cape Development Corporation Grant - BCMDA	–	–	–	4,348	0%	0%
LG SETA Grant	–	–	6,492			
LG SETA Grant - BCMDA	47	–	–	47	0%	0%
NDPG GRANT	12,372	–		2,914	0%	0%
NDPG PUBLIC EMPLOYMENT				16,742		
BCMDA- OPERATING PROJECTS				44,071		
Total Operating Transfers and Grants	**1,203,572**	**1,397,328**	**1,392,070**	**1,351,978**	**-3%**	**-3%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of *T 5.2.1*

INTRODUCTION TO TOTAL CAPITAL TRANSFERS AND GRANTS

The grant performance table below provides a summary of capital transfers and grants. The capital transfers and grants performance total to R0.838 billion which is 100% of R0.851 billion.

Capital Grant Performance						R' 000
Description	2022/2023	2023/2024			2023/2024 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Capital Transfers and Grants						
National Government:	**732,602**	**764,472**	**851,998**	**838,435**	**9%**	**-2%**
Integrated National Electrification Programme	–	–	–	–	0%	0%
Electricity Demand Side Management	–	–	–	–	0%	0%
Infrastructure Skills Development	173	150	146	145	0%	0%
Finance Management	21	–	–	–	0%	0%
Urban Settlement Development	451,981	472,593	588,442	581,622	19%	-1%
Public Transport Network Grant	–	–	–	–	0%	0%
Integrated City Development Grant	–	–	–	–	0%	0%
Informal Settlements Upgrading Partnership Grant	265,859	272,148	253,410	252,105	-8%	-1%
Neighboughood Development Partnership Grant	14,568	19,581	10,000	4,562	0%	0%
Buffalo City Metro Transport (BCMET) Funding	–			–	0%	0%
Other transfers/grants [insert description]						
Provincial Government:	**–**			**–**	**–**	**–**
Local Govt & Traditional Affairs	–	–	–	–	0%	0%
Local Govt & Traditional Affairs	–	–	–	–	0%	0%
Department of Public Works	–	–	–	–	0%	0%
Other transfers/grants [insert description]						
District Municipality:	**–**	**–**	**–**	**–**	**0%**	**0%**
[insert description]						
Other grant providers:	**–**	**–**	**–**	**–**	**0%**	**0%**
Parent Municipality	–	–	–	–	0%	0%
BCMDA	–	–	–	–	0%	0%
Total Capital Transfers and Grants	**732,602**	**764,472**	**851,998**	**838,435**	**9%**	**-2%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of						*T 5.2.1*

Comment On Operating Transfers and Grants

Note: For Urban Settlement Development Grant (USDG) see T5.8.3. For other conditional transfers) 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 100% (R10.77 million) of its 2023/2024 ISDG adjusted budget of R10.77 million in the year under review.

Expanded Public Works Programme
To incentivise municipalities to expand work creation efforts using 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) Waste Recycling and Environment Programme: To keep the city clean and equip participants with skills development
2) Gender based Violence Support Programme: Support and enhance Government efforts to reduce and manager gender-based violence in communities.
3) Data capturers & administrator's support programme: Provide administrative and EPWP Data Management Services to all EPWP Projects implemented by BCMM.
4) Maintenance of Public Facilities: To keep building in in a healthy and hygiene status.

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 91% R11.69 million of its 2023/2024 PPPSG budget in the year under review.

Urban Settlement Development Grant
To supplement the capital revenue of metropolitan municipalities 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 99% (R612.19 million) of its 2023/2024 USDG budget of R618.03 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% (R275.82 million) of its 2023/2024 ISUPG budget of R277.12 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 100% (R25.76 million) of its 2023/2024 NDPG adjusted budget of R25.76 million in the year under review

Grants received from sources other than DoRA

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2022/2023	Actual Grant 2023/2024	Year 2023/2024 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
Department of Human Settlements	36,924	85,302	0	N/A	0	The creation of sustainable and integrated human settlements that enable an improved quality of household life and access to basic services
Foreign Governments/Development Aid Agencies						
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)	4,221	4,327	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 grants received from sources other than DoRA

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.

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 R11.28 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.

T5.3.1

Treatment of the three largest assets acquired in FY 2023/2024

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/2024				
Asset 1				
Name	Property, Plant, Equipment			
Description	Roads Provision			
Asset Type	Roads			
Key Staff Involved	Engineering and Infrastructure			
Staff Responsibilities	Monitor and maintain			
Asset Value	2020/2021	2021/2022	2022/2023	2023/2024
	75,310,085	82,367,822	38,500,000	65,500,000
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	220690948		
Staff Responsibilities	Developing Specifications and Project Management			
Asset Value	2020/2021	2021/2022	2022/2023	2023/2024
	87,376,595	91,684,280	102,112,787	104,566,432
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			
Asset 3				
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	2020/2021	2021/2022	2022/2023	2023/2024
	66,393,518	186,155,884	64,005,939	56,438,110
Capital Implications	Smart Meters			
Future Purpose of Asset	Billing of consumers services			
Describe Key Issues	Vandalism			
Policies in Place to Manage Asset	Asset management Policy, Credit policy			
				T 5.3.2

Overall comment on asset management.

Asset Management is done in line with the requirements of GRAP 17 and best practices as per National Treasury Asset Management Guidelines. Various assets were impaired, as required by GRAP, based on the asset condition assessments performed. The increased maintenance spending in future years should lead to reduced asset impairments in the coming years.

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

T5.3.3

Repairs and maintenance expenditure for FY2023/2024

Repair and Maintenance Expenditure: 2023/2024				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	497,620	465,231	485,105	3%
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Over the past four years, BCMM has consistently 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.

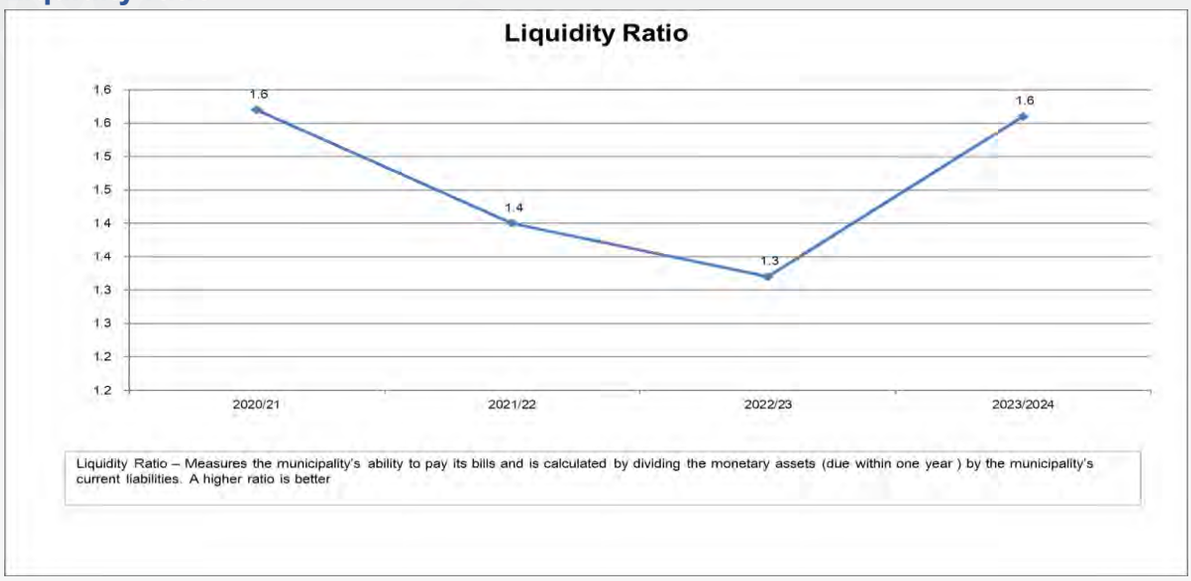
The main challenge in achieving the 8% is the use of the revaluation model to value Property Plant and Equipment. The City's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing assets capital programme.

In the 2023/2024 financial year, the City allocated R0.794 billion in the upgrading and renewal programme that complements the repairs and maintenance.

T 5.3.4.1

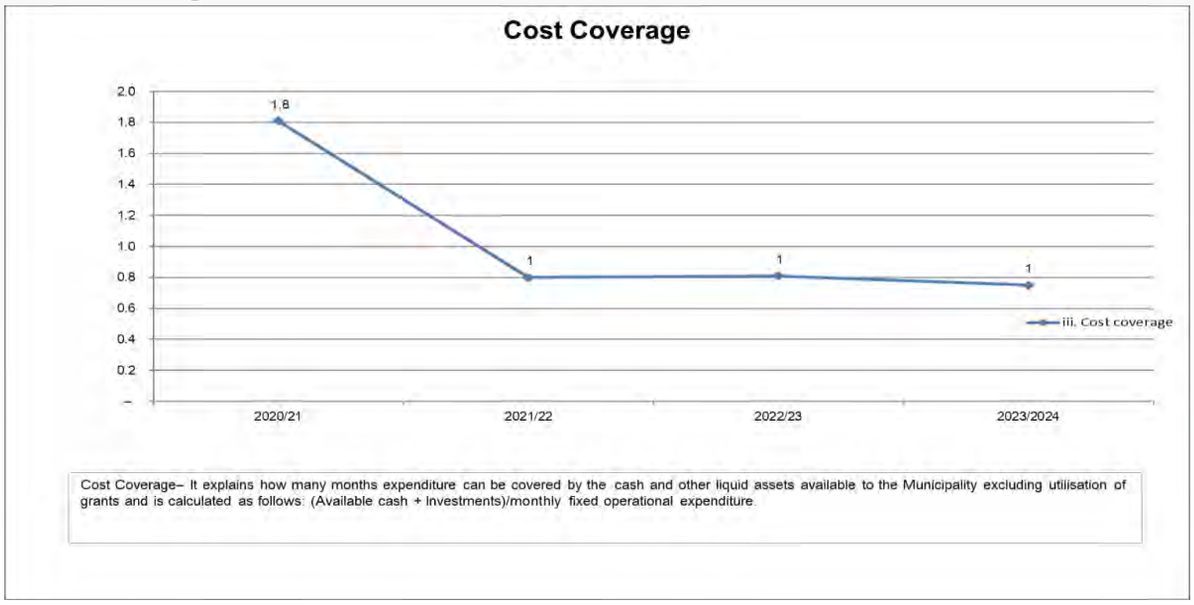
5.4. FINANCIAL RATIOS

Liquidity ratio



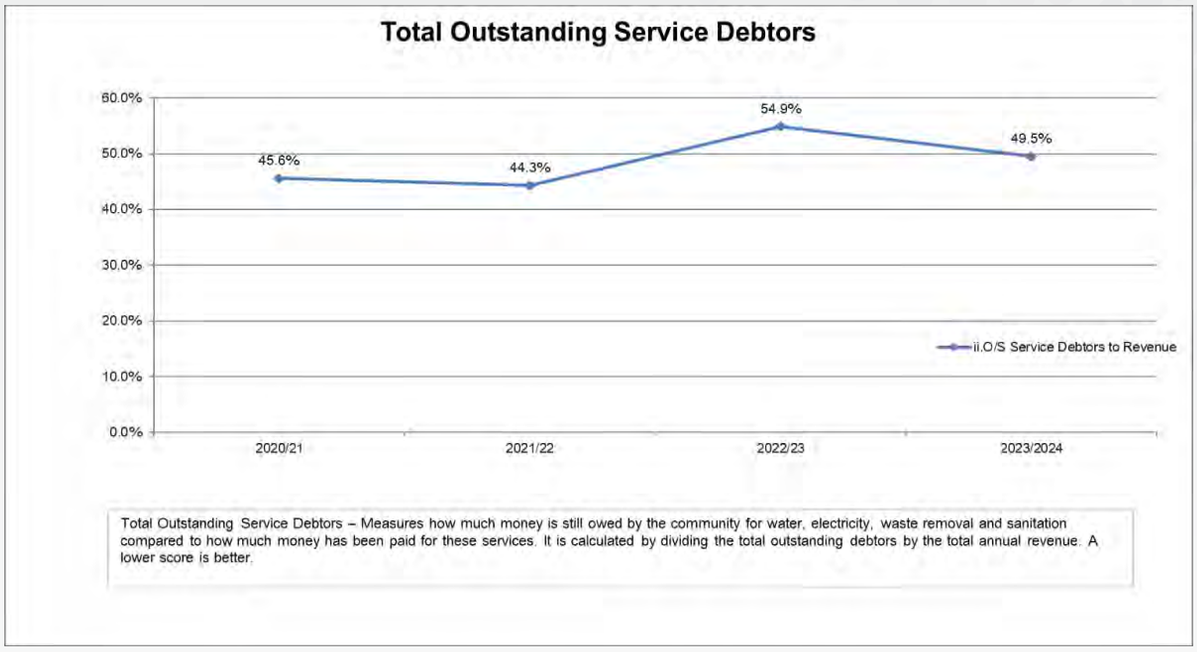
T5.4.1

Cost coverage ratio



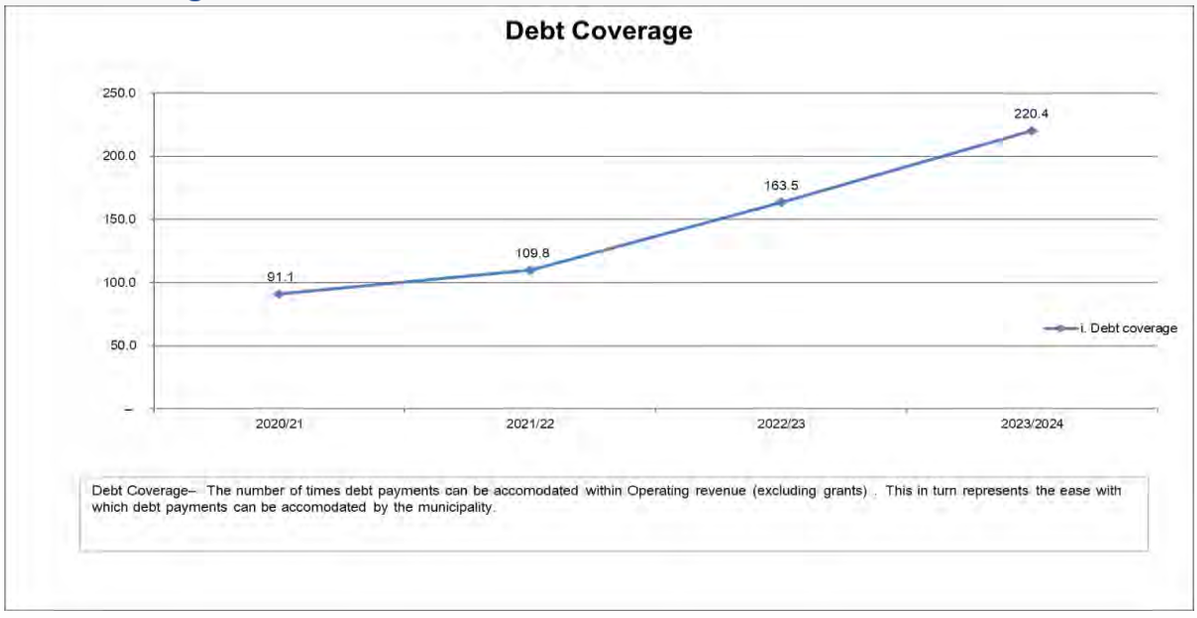
T5.4.2

Total outstanding service debtors.



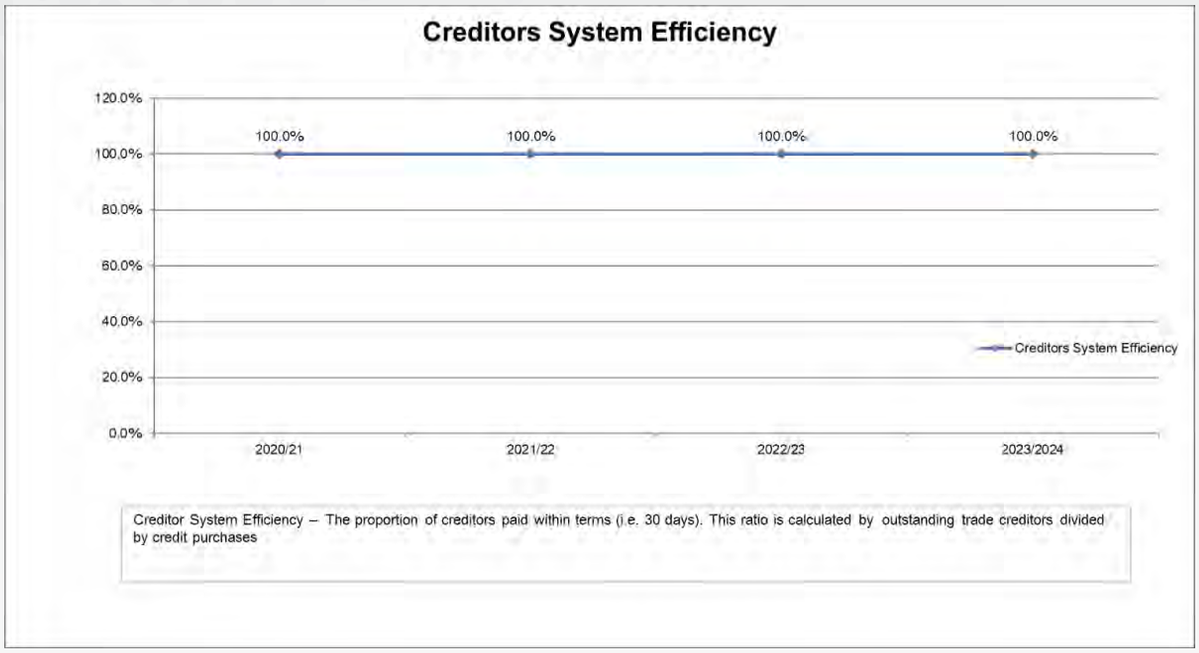
T5.4.3

Debt coverage ratio



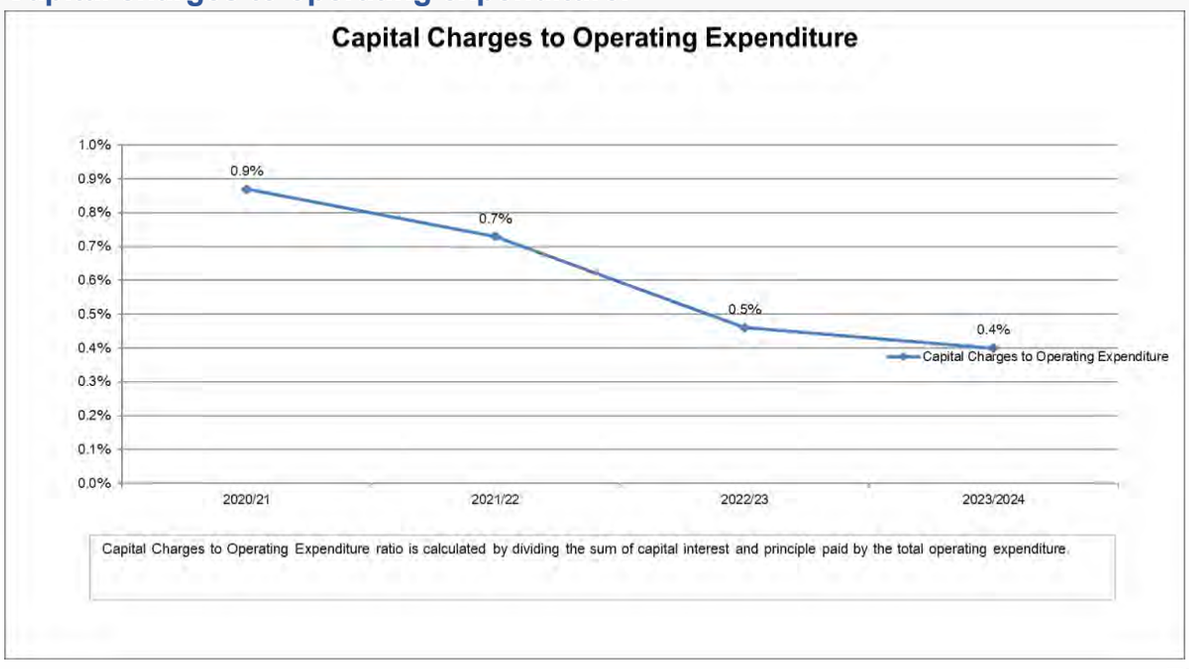
T5.4.4

Creditors system efficiency



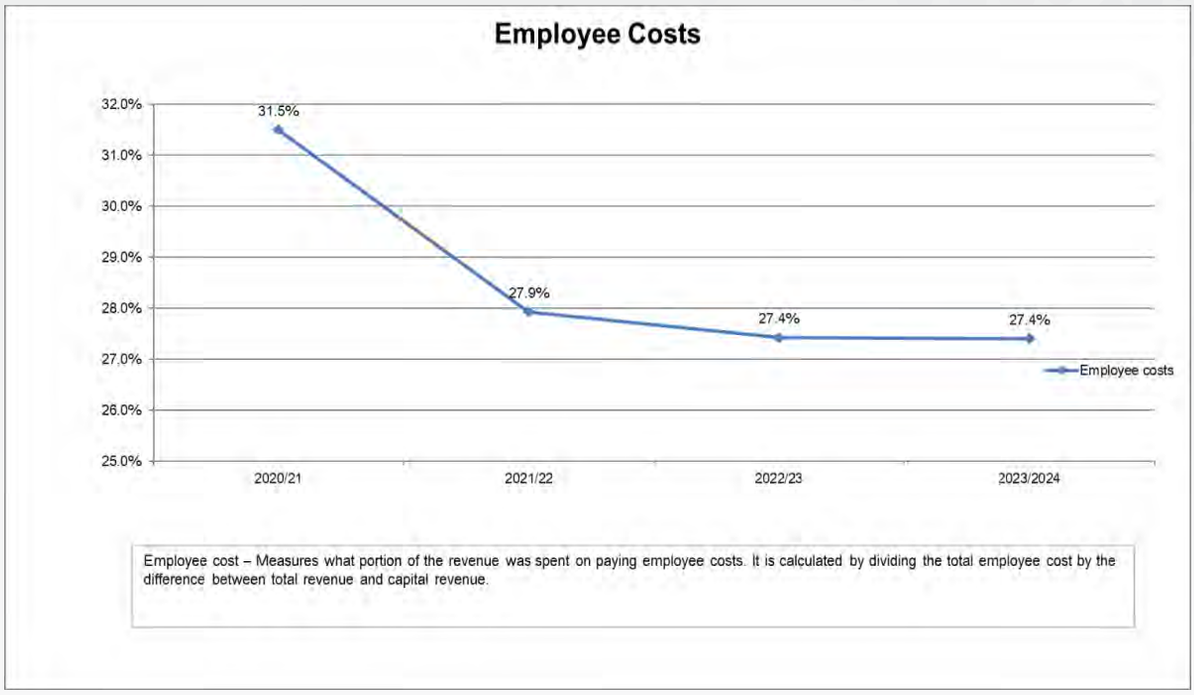
T5.4.5

Capital charges to operating expenditure.



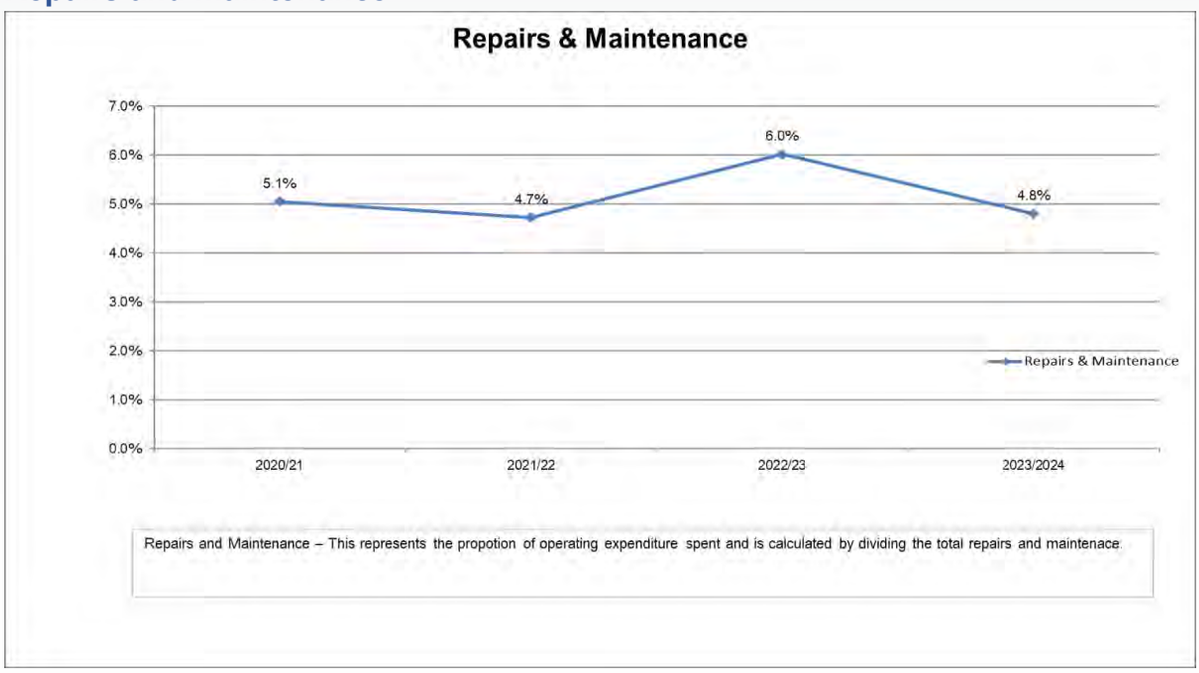
T5.4.6

Employee costs



T5.4.7

Repairs and maintenance



T5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio: The rate of 1.56:1 is regarded as being within the National Treasury norm that ranges between 1.5 - 2 : 1. The ratio measures the municipality's ability to meet its Current Liabilities. A lower ratio indicates a situation of weaken 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 49.5%. 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 220,4% as at 30 June 2024. This indicates that the Metro's long-term debt is decreasing and is due to the City not taking up additional loan funding during 2023/2024 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 aims to pay its creditors within the norm of 30 days; the current creditors efficiency ratio is at 100%.

Capital Charges to Operating Expenditure: The rate is 0.4% in 2023/2024 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 27.2% 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 4.8%. The City is augmenting its assets maintenance programme by using part of its own funding towards capital investment on renewal of existing assets.

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Introduction to spending against capital budget.

The City had a capital budget of R1.184 billion of which R1.339 billion (inclusive of vat) which equates to 88% was spent. Own funded projects had a budget of R0.487 billion and R0.346 (71%) of the budget was spent. Grant funded projects had a budget of R0.852 billion and R0.838 billion which equates to 98% was spent.

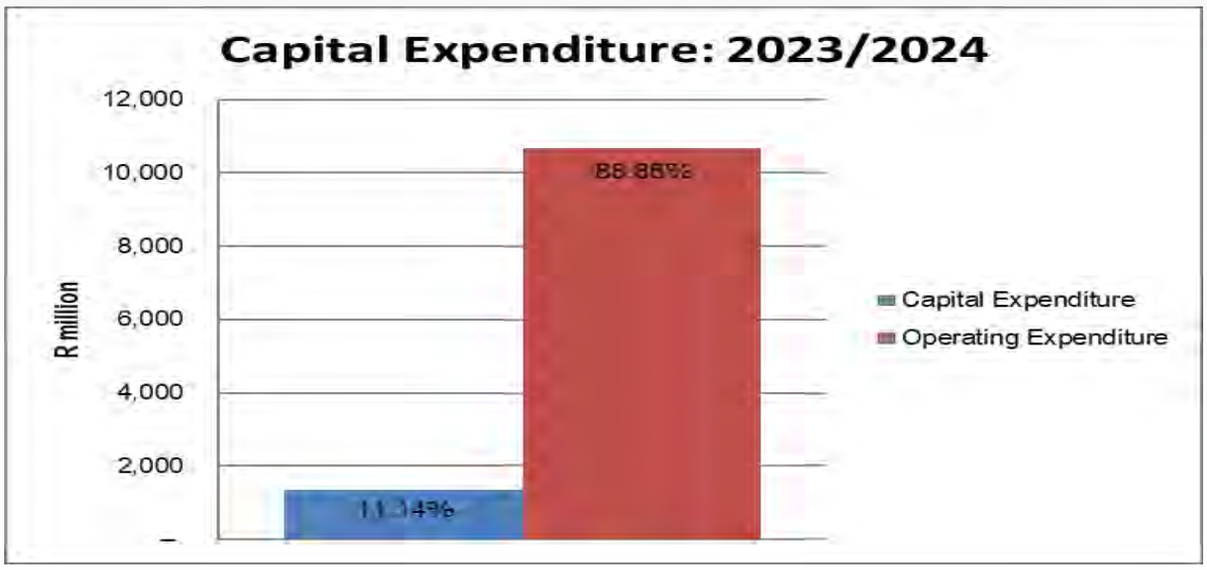
Renewal of existing assets represent 56% (R0.752 billion) of the total capital budget while new assets equate to 44% (R0.433 billion) in the 2023/2024 financial year.

5.5. CAPITAL EXPENDITURE

The 5 largest capital projects of the City in the 2023/2024 financial year were the following:

- **Sleeper Site Road**: the project was allocated 3% of the City's capital budget.
- **Rural Roads**: the project was allocated 2% of the City's capital budget.
- **Roads Provision**: the project was allocated 6% of the City's capital budget.
- **Bulk Electricity Infrastructure Upgrade**: the project was allocated 8% of the City's capital budget.
- **Smart Metering Solutions** - Water and Electricity: the project was allocated 7% of the City's capital budget.

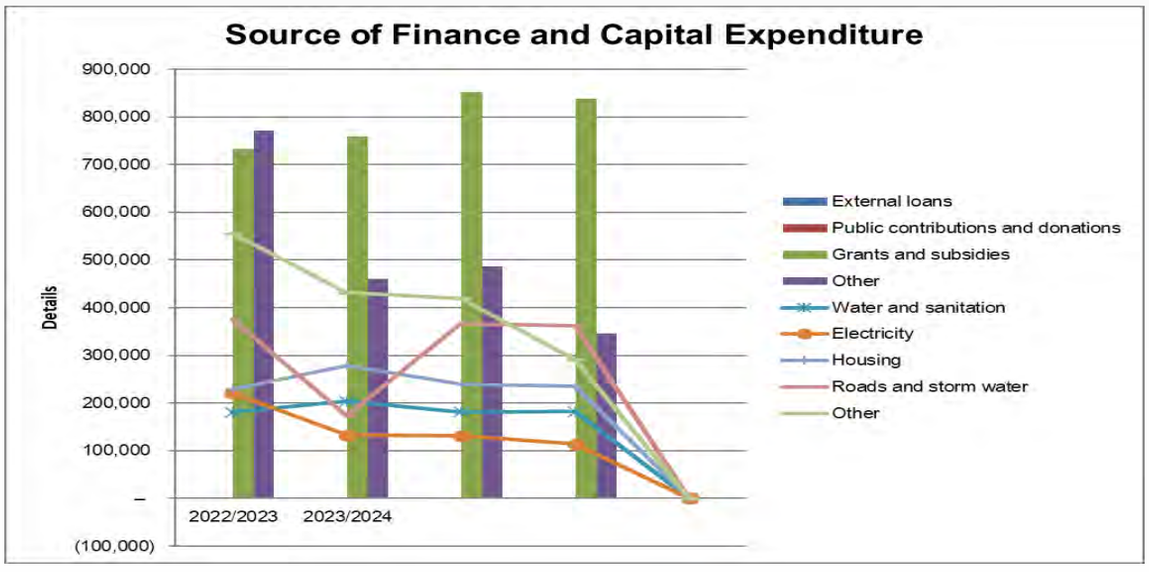
T5.5.0



T5.5.1

5.6. SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2022/2023 to 2023/2024						R' 000
Details		2022/2023	2023/2024			
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)
Source of finance						
	External loans			–	–	0.00%
	Public contributions and donations	–	–	–	–	0.00%
	Grants and subsidies	732,602	759,472	851,998	838,435	12.18%
	Other	772,166	459,854	487,474	346,368	6.01%
Total		**1,465,623**	**1,219,326**	**1,339,471**	**1,184,803**	**18.19%**
Percentage of finance						
	External loans	0.8%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	46.5%	62.3%	63.6%	70.8%	67.0%
	Other	52.7%	37.7%	36.4%	29.2%	33.0%
Capital expenditure						
	Water and sanitation	180,976	203,804	181,446	182,363	-10.97%
	Electricity	220,691	132,320	131,194	114,450	-0.85%
	Housing	229,670	278,200	240,022	234,699	-13.72%
	Roads and storm water	376,032	173,837	367,372	362,082	111.33%
	Other	555,583	431,166	419,438	291,210	-2.72%
Total		**1,465,623**	**1,219,326**	**1,339,471**	**1,184,803**	**83.07%**
Percentage of expenditure						
	Water and sanitation	12.35%	16.71%	13.55%	15.39%	-13.21%
	Electricity	15.06%	10.85%	9.79%	9.66%	-1.03%
	Housing	15.67%	22.82%	17.92%	19.81%	-16.52%
	Roads and storm water	25.66%	14.26%	27.43%	30.56%	134.03%
	Other	37.91%	35.36%	31.31%	24.58%	-3.27%



T5.6.1

COMMENT ON SOURCES OF FINANCE

The City had a total budget of R12.019 billion of which R1.339 billion (11.14%) was allocated towards the City ‘s capital budget. The City spent R1.184 billion inclusive of vat of its capital budget which equates to 88%.

Own funded projects had a budget of R0.487 billion and R0.346 (71%) of the budget was spent. Grant funded projects had a budget of R0.852 billion and R0.838 billion which equates to 98% 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* R' 000					
Name of Project	Current: 2023/2024			Variance: Current 2023/2024	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Sleeper Site Road	15,000	44,950	41,532	-177%	-200%
B - Rural Roads	29,000	31,522	28,033	3%	-9%
C - Roads Provision	72,756	77,566	75,879	-4%	-7%
D - Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	104,566	105,223	89,428	14%	-1%
E - Smart Metering Solutions - Water	56,438	91,325	41,554	26%	-62%
** Projects with the highest capital expenditure in Year 2019/2020*					
Name of Project - A	**Sleeper Site Road**				
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				
Name of Project - B	**Rural Roads**				
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				
Name of Project - C	**Roads Provision**				
Objective of Project	To rehabilitate existing urban roads in BCMM				
Delays	None				
Future Challenges	This is an ongoing project aimed at improving the condition of roads infrastructure in BCMM. It				
Anticipated citizen benefits	All the residents of BCMM				
Name of Project - D	**Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)**				
Objective of Project	The Upgrading of Electrical infrastructure, broken down into MV/LV Network, MV switching				
Delays	None				
Future Challenges	N/A				
Anticipated citizen benefits	All the residents of BCMM as there would be less interuption of electrical supply.				
Name of Project - E	**Smart Metering Solutions - Water & Electricity**				
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				
T 5.7.1					

COMMENTS ON CAPITAL PROJECTS.

Sleeper Site Road- The budget was adjusted upwards from R15 million to R45 million resulting in an increase amounting to R30 million. The actual expenditure when compared to adjusted budget equates to 92%.

Rural Roads - The budget was adjusted upwards from R29 million to R31 million resulting in a increase amounting to R2 million. The actual expenditure when compared to adjusted budget equates to 89%.

Roads Provision - The budget was adjusted upwards from R73 million to R78 million resulting in a increase amounting to R5 million. The actual expenditure when compared to adjusted budget equates to 98%.

Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue) - The budget was adjusted upwards from R104 million to R105 million resulting in an increase amounting to R1 million. The actual expenditure when compared to adjusted budget equates to 85%.

Smart Metering Solutions - Water and Electricity - The budget was adjusted upwards from R56 million to R91 million resulting in an increase amounting to R35 million. The actual expenditure when compared to adjusted budget equates to 46%.

5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Introduction To Basic Service and Infrastructure Backlogs.

Waste Management
The City has augmented and aligned its waste management services by undertaking Public Employment Programmes (PEP) which led to integration of daily operations and establishment of a three-shift system. This has assisted Solid Waste Management Department in circumventing backlogs and servicing diverse types of household patterns in a satisfying manner. This includes those issues such as migration of people towards urban settlements, relocations and disaggregation of families.

Housing
BCMM has ± 115 024 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 settlements never stopped ever since the study was developed and approved by Council.

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 ISHSP needs to be implemented and monitored. Human Settlements Directorate is in the process of developing ISHSP Implementation Plan and review of Allocation and Relocation Policy in order to address housing backlog and challenges.

Electricity
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

A new Standard Operating Procedure for re-blocking has been approved by the council that aims to speed up the electrification of informal areas. A pilot project in Scenery Park is being implemented to test the new procedure.

T5.8.1.

Service backlogs as of 30 June 2024

Service Backlogs as of 30 June Year 2024				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	250530	99%	2947	1%
Sanitation	246692	97%	8435	3%
Electricity	186921	83.48%	37000	16.52%
Waste management	223568	100%	0	0
Housing	115 024	0.61%	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

MIG Expenditure for FY2023/2024 on Service Backlogs

Urban Settlement Grant (USDG)* Expenditure 2023/2024 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
AMENITIES	23,000	21,542	21,170	0%	2%	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. 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.
HUMAN SETTLEMENTS	128,050	104,392	99,746	22%	4%	
LOCAL ECONOMIC DEVELOPMEN	22,800	10,683	10,228	55%	4%	
ROADS	71,256	258,293	258,440	-263%	0%	
SUPPORT SERVICES	15,541	15,059	15,059	3%	0%	
TRANSPORT PLANNING	76,082	76,485	75,389	1%	0%	
WASTE MANAGEMENT	21,000	32,590	31,274	-49%	4%	
WASTE WATER	91,000	28,330	29,304	68%	-3%	
WATER	69,305	70,661	71,578	-3%	0%	
Total	**518,034**	**618,034**	**612,188**	**-18%**	**1%**	
** USDG is intended to provide the municipalities with funds to supplement Capital Investment*						*T 5.8.3*

Comment on Service backlogs.

Waste Management

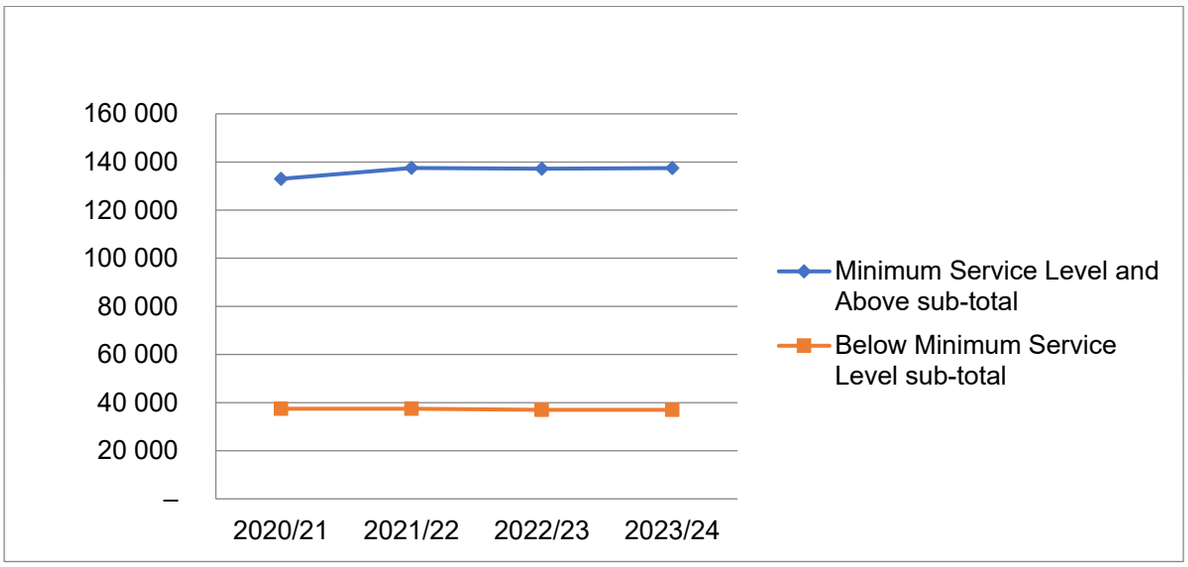
The City has not experienced any backlog with regard to refuse removal services during the current reporting period.

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 2022/23 financial year the housing backlog was 114 500, the number was up to 115 024 in 2023/2024 financial year.

Electricity
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 between 500 and 1000 which remain un-electrified for a short period of time.

Electricity and Energy Services have implemented electrification projects in informal settlements some 8000 informal dwellings have been electrified there remains backlog of an estimated 37000 informal dwellings. Note: Due to land invasion and expansion of informal settlements this is a very low estimate as the number grows daily.

The SOP being implemented if in Scenery Park should increase the number of informal dwellings meeting the electrification criteria, this process will e successful if all directorates work together to achieve the end goal.



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

T5.8.4

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Introduction to cashflow management and investments

Managing the cash resources of BCMM remains a key requirement to ensure the liquidity of the Municipality 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 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 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 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 to maximise the interest-earning potential whilst also ensuring safety of the principal of any surplus funds. Investment diversification is in practice at BCMM, to minimise risk and maximise interest earning potential.

5.9. CASHFLOW

Cashflow outcomes

Cash Flow Outcomes				
R'000				
Description	2022/23	Current: Year 2023/2024		
	Restated	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	1,784,854	1,577,897	1,577,897	2,127,634
Service charges	3,627,141	3,421,416	3,426,085	4,332,573
Other revenue	(472,719)	967,444	964,660	(707,411)
Government - operating	1,203,572	1,301,395	1,443,206	1,291,763
Government - capital	732,602	733,699	708,459	838,435
Interest	333,103	130,828	131,074	440,740
Payments				
Suppliers and employees	(6,096,877)	(6,489,344)	(6,430,839)	(7,117,947)
Finance charges	(16,075)	(59,936)	(20,689)	(11,565)
Transfers and Grants	(91,955)	(161,059)	(150,932)	(71,316)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,003,644	1,422,341	1,648,922	1,122,906
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	14,847	–	–	30
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(1,434,783)	(1,803,592)	(1,598,261)	(1,069,160)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,419,936)	(1,803,592)	(1,598,261)	(1,069,130)
CASH FLOWS FROM FINANCING ACTIVITIES				

Cash Flow Outcomes				
R'000				
Description	2022/23	Current: Year 2023/2024		
	Restated	Original Budget	Adjusted Budget	Actual
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	368,370	35,311	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(49,141)	(50,892)	(46,841)	(30,246)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(49,141)	317,478	(11,530)	(30,246)
NET INCREASE/ (DECREASE) IN CASH HELD	(465,432)	(63,772)	39,131	23,530
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:	679,975	1,309,833	1,414,889	720,987
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 1.003 billion when compared with R 1.140 billion at 30 June 2024. The main contributing factor is Property rates and Service charges which have increased when in compared to the 2022/2023 financial year. The budget was adjusted upwards from R1.42 billion to R1.65 billion resulting in an increase amounting to R0.23 billion.

Cash flow from investing activities have decreased when comparing R 1.419 billion to R 1.069 billion at 30 June 2024. The budget was adjusted downwards from R1.80 billion to R1.60 billion resulting in a decrease amounting to R0.20 billion.

The cash flow summary clearly indicates an increase in Cash and Cash Equivalent at year-end from R 0.679 billion to R 0.720 billion at 30 June 2024. The net impact is an increase in cash and cash equivalents at year end.

T 5.9.1.1

5.10. BORROWING AND INVESTMENTS.

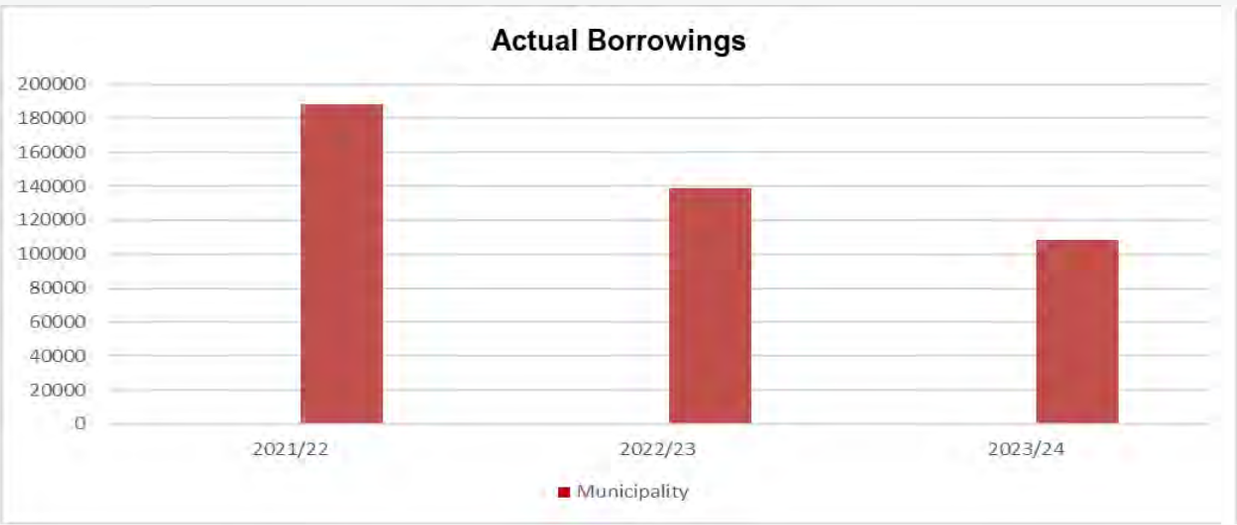
Introduction to borrowing and investments.

The City's current loans balance total R0.108 billion as outstanding when compared with R0.138 billion for 2022/2023. 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.

T5.10.1

Actual borrowings for FY2022/23-FY2023/2024.

Actual Borrowings: 2021/2022 - 2023/2024			
R' 000			
Instrument	2021/22	2022/23	2023/2024
Municipality			
Long-Term Loans (annuity/reducing balance)	187,994	138,853	108,607
Municipality Total	187,994	138,853	108,607
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	0	0	0
Entities Total	0	0	0
Actual Borrowings: 2021/2022 - 2023/2024			
R' 000			
Instrument	2021/22	2022/23	2023/2024
Municipality			
Long-Term Loans (annuity/reducing balance)	187,994	138,853	108,607
Municipality Total	187,994	138,853	108,607
			T 5.10.2..



T 5.10.3

Municipal and Entity Investments

Municipal and Entity Investments			
R' 000			
Investment* type	2021/22	2022/23	2023/2024
	Actual	Actual	Actual
Municipality			
Deposits - Bank	677,023	659,988	683,763
Municipality sub-total	677,023	659,988	683,763
Municipal Entities			
Deposits - Bank	20,433	19,986	37,224
Entities sub-total	20,433	19,986	37,224
Consolidated total:	697,456	679,974	720,987
			T 5.10.4

Comment on borrowings and investments.

The City's investments held with financial institutions have increased from R 0.679 billion to R 0.720 billion in 2023/2024. The Metro has not taken up new loan funding during 2023/2024.

T 5.10.5

5.11. PUBLIC PRIVATE PARTNERSHIPS.

The city did not have public private partnerships during 2023-2024

T5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. SUPPLY CHAIN MANAGEMENT

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. BCMM's SCM function comprises of the following critical components:

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

Notably, the Supply Chain Management Policy Review that has been undertaken in the 2021/22 financial year reflect the following amendments:

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 BBBEE Act 53 of 2003 and Preferential Procurement Policy Framework Act, Act No.5 of 2000.

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, there are three out of five senior managers that have reached the prescribed levels required for their positions. There are two that are yet to reach the necessary competency levels.

T 5.12.1

5.13. GRAP COMPLIANCE.

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice, 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

AUDITOR GENERAL'S REPORT

CHAPTER 6: AUDITOR-GENERAL'S AUDIT FINDINGS.

INTRODUCTION

The Annual Financial Statements were prepared and presented to the Auditor General by 31 August 2024 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 on 14 December 2024

T 6.0.1

COMPONENT A: AUDITOR GENERAL'S OPINION ON FINANCIAL STATEMENT FOR FY2022-23

6.1. AUDITOR-GENERAL'S REPORT 2022/2023 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance 2022/2023*	
Status of audit report:	**Qualified 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 a qualified audit opinion.	Property, plant, and equipment-WIP: Completed assets incorrectly classified as WIP - WIP lists were circulated to the affected departments on a quarterly basis for them to confirm the accuracy of their spending and to capitalise the projects as they become complete. All sites with WIP projects were visited to determine whether the project or phases of the project are complete. Depending on the available information, these were either be capitalised in the current year or as prior period adjustments. Property, plant, and equipment-WIP: No impairment consideration for assets that have been damaged - A memo asl be sent to all project managers at the end of the financial year requesting the submission of their projects that are vandalised or damaged together with the value of the damages so that the assets could be correctly impaired. Site visits of WIP projects were conducted assets that are damaged or vandalised were identified and recorded. Revaluation difference between FAR and AFS – A reconciliation was performed between the FAR and the AFS and corrected accordingly. Property, Plant and Equipment-Revaluation: Overstatement of the Revaluation amount - Physical verification of assets performed that were nearing the end of their useful lives. Remaining useful lives of assets revised based on the asset conditions. Revaluation formulas reviewed for accuracy. Revaluation calculations reviewed upon receipt from the expert at the end of the financial year. Revenue: Understatement in sanitation revenue billing due to only 65% of the population of pans having been verified due to the physical verification process commencing in June 2023 - The physical verification of pans commenced in March 2024. Valuation report used as a reference of completeness check together with the SOLAR BP92 report. Project plan was developed stipulating tasks, responsible persons and deadline date together with weekly report back meetings. Documentation

Auditor-General Report on Financial Performance 2022/2023*	
Status of audit report:	**Qualified with findings**
Non-Compliance Issues	**Remedial Action Taken**
	cross referencing for authorisation and submission to SOLAR as well as preparation of audit file with all audit evidence was performed. Commitments: Overstatement of commitments - Contracts information was obtained from Supply Chain Management (SCM). Commitments register was updated with contracts information received. Commitments register was reviewed to confirm completeness and accuracy based on the award letter and the last payment certificate.
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 panning and performance management regulation 7(1).	Guidelines were established on the collection, verification, and reporting of performance data. Roles and responsibilities for monitoring and evaluation within the municipality were assigned. A structured performance review process, including quarterly and annual assessments, was undertaken.
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.	Remedial actions were undertaken by reviewing and amending the SDBIP to ensure the inclusion of service delivery targets for all quarters. The relevant departments were identified to rectify any omissions, and corrective measures were implemented to enhance monitoring and verification processes.
Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.	There is an IE reduction strategy that has been developed and approved by council. The strategy is being implemented and monitored by the Accounting Officer. The IE is being investigated, and some has been referred to MPAC for consideration and write off. The IE balance dates back as far as 2013.
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.	A multi-year implementation of organizational and culture change management commenced in the 3rd quarter of financial year 2023/24. A digital performance management system is being developed and customised in phases until the end of 2025/2026.
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.	An internal review mechanism was implemented to verify procurement processes before approval. Additionally, the internal audit was conducted to monitor procurement compliance.
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.	Bid specifications reviewed to ensure fairness, competitiveness, and compliance with procurement regulations allowing all potential suppliers a fair opportunity to participate.
The preference point system was not applied procurement of goods and services as required.	Corrective actions were taken by reviewing the procurement processes to ensure the proper application of the preference point system in accordance with the prescribed regulations. Procurement officials received training on the correct implementation of the system.
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.	Steps were taken to rectify the issue by reviewing all awarded construction contracts and ensuring compliance with section 18(1) of the CIDB Act.
The performance of contractors or providers were not monitored monthly. Similar non-compliance was also reported in the prior year.	Monthly performance reviews, maintaining detailed records of contractor evaluations, and ensuring that contract managers document and report on supplier performance. Regular oversight

Auditor-General Report on Financial Performance 2022/2023*	
Status of audit report:	**Qualified with findings**
Non-Compliance Issues	**Remedial Action Taken**
	meetings and ensuring that all performance reports are retained as audit evidence.
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.	Investigations are currently underway into the irregular expenditure to determine if any official or third party is liable. This process includes a thorough review of the expenditure, identification of responsible individuals, and appropriate corrective measures such as disciplinary action or recovery of funds if liability is established. Findings and actions taken must be documented and reported to the relevant authorities for accountability and transparency.
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.	Reviews of the technical reports for all wastewater treatment works are currently in the process. Thereafter applications for licences will be lodged.

T6.1.1

Auditor-General Report on Service Delivery Performance: 2022/2023*	
Status of audit report:**	**No audit opinion expressed**
Non-Compliance Issues	**Remedial Action Taken**
A Connected city No process to consistently measure and report on achievements against planned indicators. Adequate supporting evidence was also not provided.	The standard operating procedures (SOPs) were developed and a records management and review process were established to enhance accurate reporting across all departments. Additionally, quarterly reviews were conducted between the Performance Reporting team and Directorates to monitor progress and address any reporting challenges.
A Spatially transformed city Audit evidence not provided in certain instances and material differences between actual and reported achievements were found.	The standard operating procedures (SOPs) were developed and a records management and review process was established to enhance accurate reporting across all departments. Additionally, quarterly reviews were conducted between the Performance Reporting team and Directorates to monitor progress and address any reporting challenges.
A Well governed city Audit evidence not provided in certain instances and material differences between actual and reported achievements were found.	The standard operating procedures (SOPs) were developed and a records management and review process was established to enhance accurate reporting across all departments. Additionally, quarterly reviews were conducted between the Performance Reporting team and Directorates to monitor progress and address any reporting challenges.
A Green city Audit evidence not provided in certain instances and material differences between actual and reported achievements were found.	The standard operating procedures (SOPs) were developed and a records management and review process was established to enhance accurate reporting across all departments. Additionally, quarterly reviews were conducted between the Performance Reporting team and Directorates to monitor progress and address any reporting challenges.

T6.1.2

COMPONENT B: AUDITOR GENERAL'S OPINION ON FINANCIAL STATEMENT FOR FINANCIAL YEAR 2023/2024

Auditor-General's Report on the Financial Statements for 2023/2024

Auditor-General Report on Financial Performance 2023/2024*	
Status of audit report:	**Qualified 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 non-current assets, revenue and expenditure items identified by the auditors in the submitted financial statements were subsequently corrected, but uncorrected material misstatements resulted in a qualified audit opinion.	Property, plant, and equipment-WIP: Long-standing and slow-moving WIP that has signs of impairment has not been assessed for impairment and resulted in a limitation in the audit of the valuation of WIP – (1) Physically verify all WIP projects to determine whether there are any existing indications of impairment. (2) Properly document the impairment consideration for all the assets identified to be having impairment indicators. (3) Disclose all impairments according to the relevant accounting standards. Property, Plant and Equipment-WIP: Completed infrastructure assets are classified as WIP and are not accounted for in compliance with GRAP. – (1) Develop a standard policy in line with the GRAP standards that details the capitalisation process for all completed immovable assets. (2) Hold Bi- Monthly meetings with user departments to discuss the status of the WIP projects and encourage capitalisation of all completed projects. Property, Plant and Equipment – Motor Vehicles: Motor vehicles with signs of impairment had not been assessed for impairment, which limited the audit of the valuation of motor vehicles. – (1) Physically verify movables assets to determine whether there are any existing indications of impairment. (2) Properly document the impairment consideration for all the assets identified to be having impairment indicators. (3) Disclose all impairments according to the relevant accounting standards. Property, Plant and Equipment-Revaluation: The municipality has not applied its revaluation methodology consistently in the revaluation and depreciation of its assets. Carrying value of assets whose useful lives have changed have not been computed accurately before revaluation resulting in material differences between in the revaluation movement. – (1) Assets where the remaining useful life has been revised will be accounted for accurately and the effect of the change in estimate will be properly disclosed in the AFS. (2) Review the revaluation calculations upon receipt from the expert to confirm that the change in accounting estimate has been taken into consideration. Property, Plant and Equipment – Undepreciated Landfill sites: The municipality has not depreciated the landfill rehabilitation provisions that form part of landfill site assets since their initial recognition. - Depreciation of the asset component on landfill site rehabilitation provisions will be accounted for as per the requirements of GRAP 17. Revaluation Reserve and Revaluation movement – assets with negative revaluation balances: Negatively revalued items whose revaluation balance has decreased below R0 have not been disclosed as impairment in current and prior year AFS. - Review the fixed asset register to ensure that for all assets that had revaluation

Auditor-General Report on Financial Performance 2023/2024*	
Status of audit report:	**Qualified with findings**
Non-Compliance Issues	**Remedial Action Taken**
	decrease, revaluation reserve is debited to the extent of its credit balance, and any excess is recorded as impairment loss in profit and loss. Property, Plant and Equipment – Verification Differences: Various issues were identified. Infrastructure assets could not be verified including assets with no coordinates, coordinates in fixed asset register (FAR) that differ from where assets are located, and assets verified that did not match the description in the FAR. - Physically verify Immovable assets on a sample basis and confirm accuracy and completeness of the geographic coordinates, and update the fixed asset register accordingly. Capital expenditure transactions have been recognised as operational expenditure i.e. repairs and maintenance – Monthly communication with Directorates liable for misallocation of expenditure, to correct the misallocations. Formal communication quarterly to the HODs to correct the misallocation of expenditure. HOD will have to provide reasons why the expenditure has been misallocated and correcting journals within the specified timeframes. Informal training sessions (experiential learning, cross-training, etc) for Budget & Treasury Management (BTM) Accountants on expenditure classification to be conducted. Management review of significant expenditure transactions to ensure correct classification to be conducted monthly. Sewerage (pans): Errors were identified in adjustments that were processed to correct over and underbilling of revenue after the verification of pans was concluded. Furthermore, the completeness of the total population of pans that should have been verified could not be determined - Reconcile pans SOLAR billing report to Valuation Roll. Obtain and review list of adjustments processed for revenue corrections related to sewerage pans. Verify the accuracy of the calculations made for both overbilling and underbilling adjustments. Conclude on valid or invalid exceptions. Valid exception and include them in verification of the 21% on the next step of the remaining population that had refused access or locked properties. Reconcile the new property SOLAR entries to the verification schedules for completeness, accuracy and validity. Ensure adjustments are supported by proper documentation and approved by authorized personnel. Retrospective adjustments will be made in line with the stipulations of the Credit control policy and only after the customer is made aware of the back charge in writing by the municipality.
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 panning and performance management regulation 7(1).	Revise and strengthen the Performance Management Framework to ensure it fully describes performance measurement, review, reporting, and improvement processes. Align the PMS with Municipal Planning and Performance Management Regulation 7(1) and MFMA requirements. Establish clear guidelines on how performance data should be collected, verified, and reported. Develop and implement internal controls to ensure the accuracy, completeness, and reliability of performance information. Assign clear roles and responsibilities for monitoring and evaluation within the municipality. Structured performance review process, including quarterly and annual

Auditor-General Report on Financial Performance 2023/2024*	
Status of audit report:	**Qualified with findings**
Non-Compliance Issues	**Remedial Action Taken**
	performance assessments to be undertaken. Provide training to municipal staff on performance management principles, reporting requirements, and compliance with regulations. Develop a tracking system to monitor progress in addressing performance deficiencies.
The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational capital expenditure by vote, as required by section 1 of the MFMA.	Strengthening the budget planning processes, implementing internal controls to verify the completeness of SDBIP components before approval, and conducting training for finance and planning officials on MFMA compliance. Additionally, management oversight and regular monitoring and review of the SDBIP to ensure all statutory requirements are consistently met.
Performance targets were not set for each of the KPIs for the financial year, as required by s41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).	Align KPIs with SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) targets and ensuring that targets are documented in the Integrated Development Plan (IDP) and SDBIP. Internal controls should be improved to monitor compliance. Regular reviews and quarterly performance assessments should be conducted to track progress and adjustments required.
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.	The PMS Modules - namely, Planning, Performance Reporting are currently being customised. 2. Dashboards will reflect plans and performance across all areas of the institution by the end of the2024/2025 financial year. The Digital PMS roll-out will commence with task grade 15-20 in 2024/2025 through a training and implementation team. Roadshows will be conducted to facilitate manual PMS implementation to all Task Grade levels. Each task grade will in turn be cascaded onto the digital system until the entire institution is loaded. Performance Management System is being implemented to all employees for 2024/25 Financial Year.
Some of the goods and services with a transaction value of above R750 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.	The Supply Chain Management (SCM) policy to be reviewed and strengthened to prevent irregular deviations, ensuring that deviations are only approved when truly impractical, with proper justification and documentation. An internal review mechanism is to be implemented to verify procurement processes before approval. Additionally, the internal audit and to monitor procurement compliance.
Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).	internal controls to be strengthened by implementing a bidding checklist and approval process before advertisements are published. Additionally, pre-procurement reviews by the SCM unit to be conducted to verify compliance, and instances of non-compliance to be reported to management for corrective action.
Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by s116(2) of the MFMA.	Monthly performance reviews, maintaining detailed records of contractor evaluations, and ensuring that contract managers document and report on supplier performance. Regular oversight meetings, and ensuring that all performance reports are retained as audit evidence.
Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention with SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.	Strengthening of the declaration processes by ensuring all officials annually disclose private or business interests, and implementing stringent conflict-of-interest policies. A register of interests is maintained and is to be reviewed regularly. Procurement processes must include mandatory disclosure declarations before awarding contract.
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 SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA	Strengthening conflict of interest disclosure mechanisms. All officials must be required to declare private or business interests in municipal contracts through mandatory disclosure forms and regular declaration updates. Internal controls to be enhanced to identify and prevent non-disclosure, including cross-checking supplier databases against employee records.

Auditor-General Report on Financial Performance 2023/2024*	
Status of audit report:	**Qualified with findings**
Non-Compliance Issues	**Remedial Action Taken**
Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by s32(2)(b) of MFMA	Investigations are currently underway into the irregular expenditure to determine if any official or third party is liable. This process includes a thorough review of the expenditure, identification of responsible individuals, and appropriate corrective measures such as disciplinary action or recovery of funds if liability is established. Findings and actions taken must be documented and reported to the relevant authorities for accountability and transparency.
Wastewater treatment works were not safeguarded and maintained to prevent defective, depleted and malfunctioning, vandalized infrastructure and theft to operate as intended as required by s63(1)(a) of the MFMA.	Stringent security measures, such as fencing, surveillance, and access controls, to prevent vandalism and theft at wastewater treatment works. Regular maintenance and inspection schedules should be enforced to promptly identify and repair defective or depleted infrastructure, ensuring optimal functionality. Adequate funding and resource allocation must be prioritized to support necessary upgrades and safeguard equipment.
There were wastewater treatment plants that did not have valid operating licenses as required by section 22(1)(b) of the National Water Act.	Reviews of the technical reports for all wastewater treatment works are currently in the process of being concluded. Thereafter applications for licences will be lodged.

T6.2.1.

Auditor-General Report on Service Delivery Performance: 2023/2024*	
Status of audit report:**	**No audit opinion expressed**
Non-Compliance Issues	**Remedial Action Taken**
A Connected city No process to consistently measure and reliably report on various indicators. Material misstatements between actual and reported achievements were found.	The standing operating procedures (SOP) to assist with the implementation of the performance policy framework to be enforced together with the business processes. SOPs and business processes to be designed for all indicators. Records management and review process to ensure accurate reporting by all departments. Quarterly meetings to be held between Performance Reporting team and Directorates.
A Spatially transformed city Misstatements between actual and reported achievements were found.	The standing operating procedures (SOP) to assist with the implementation of the performance policy framework to be enforced together with the business processes. SOPs and business processes to be designed for all indicators. Records management and review process to ensure accurate reporting by all departments. Quarterly meetings to be held between Performance Reporting team and Directorates.
A Well governed city No process to consistently measure and reliably report on various indicators. Material differences between actual and reported achievements were found.	The standing operating procedures (SOP) to assist with the implementation of the performance policy framework to be enforced together with the business processes. SOPs and business processes to be designed for all indicators. Records management and review process to ensure accurate reporting by all departments. Quarterly meetings to be held between Performance Reporting team and Directorates.
A Green city Misstatements between actual and reported achievements were found.	The standing operating procedures (SOP) to assist with the implementation of the performance policy framework to be enforced together with the business processes. SOPs and business processes to be designed for all indicators. Records management and review process to ensure accurate reporting by all departments. Quarterly meetings to be held between Performance Reporting team and Directorates.

T6.2.2.

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 consolidated and separate statement of financial position as at 30 June 2024, consolidated and separate 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 financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2024, and the group's 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 56 of 2003 (MFMA) and the Division of Revenue Act, (No.5 of 2023) (Dora).

Basis for 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 in the group, 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 R30,44 billion (2023: R25,70 billion) in note 4 to the consolidated and separate financial statements or to the revaluation reserve, accumulated depreciation, depreciation, amortisation and impairment in the consolidated and separate financial statements.

Repairs and maintenance

4. The group incorrectly applied GRAP 1, *Presentation of financial statements* as it classified expenditure of a capital nature relating to Community buildings disclosed in note 4 as repairs and maintenance. Consequently, community buildings in note 4 to the consolidated and separate financial statements was understated by R151,20 million, while repairs and maintenance in note 44 is overstated by the same amount. Additionally, there was an impact

on the surplus for the period and on the accumulated surplus in the consolidated and separate financial statements.

Service charges

5. Service charges from sewerage and sanitation (pans) was not recognised in accordance with GRAP 9, *Revenue from exchange transactions* by the group. Service charges from sewerage and sanitation (pans) were not billed at the correct amounts resulting in an overstatement of services charges by R51,93 million and overstatement of receivables from exchange transactions by the same amount. In addition, I was unable to obtain sufficient appropriate audit evidence for service charges from sewerage and sanitation (pans). I was unable to confirm the service charges from sewerage and sanitation (pans) by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to service charges from sewerage and sanitation (pans), stated at R137,84 million in note 25 to the consolidated and separate financial statements, respectively.

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 this these matters.

Restatement of corresponding figures

10. As disclosed in note 56 to the consolidated and separate financial statements of the group, the corresponding figures for 30 June 2023 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 2024.

Material losses and impairments

11. As disclosed in note 11 to the consolidated and separate financial statements, material allowances for impairment of R4,99 billion (2023: R4,03 billion) was incurred as a result of long outstanding debts owed by consumer debtors.

12. As disclosed in note 43 of the consolidated and separate financial statements, material electricity losses of R556,02 million (2023: R375,44 million) were incurred, which represents 24.20% (2023: 19.21%) of total electricity purchased. The non-technical losses amounted of 14.20% (2023: 9.21%) and was due to theft, faults and billing errors.

13. As disclosed in note 43 of the consolidated and separate financial statements, material water losses of R147,96 million (2023: R143,45 million) were incurred, which represents 37.74% (2023: 37.66%) of the total water cost. The non-technical losses amounted to 14.91% (2023: 15.06%) and was mainly due to theft, faults and billing errors.

Underspending on conditional grants

14. As disclosed in note 16 to the consolidated and separate financial statements, the municipality underspent their conditional grants for Land Affairs by R253,91 million (2023: R235,13 million) which Buffalo City Metropolitan Municipality (BCMM) administers on behalf of the department of Land Affairs and which has not been spent due to slow progress in the restitution processes.

Other matters

15. I draw attention to the matters below. My opinion is not modified in respect of this matters.

Unaudited disclosure note

16. In terms of section 125(2)(e) of the MFMA, the group 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. This description, which is located at page XX, forms part of our 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 strategic outcomes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following strategic outcomes presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected strategic outcomes that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic outcome	Page numbers	Purpose
A Green City	XX	To promote an environmentally sustainable city with optimal benefits from our natural assets.
A Connected City	XX	To maintain a world class logistics network.
A Spatially Transformed City	XX	To develop and maintain world class infrastructure and utilities.
A Well Governed City	XX	Promote sound financial and administrative capabilities

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 objectives.
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included.
- 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 and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the 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 objectives are as follows:

A Connected City

Various indicators

27. Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Indicator	Target	Detail
Percentage of unplanned outages that are restored to supply within industry standard timeframes	100%	Management did not take into account all the unplanned outages that occurred on all applicable pieces of equipment that were out of service during the year. Unplanned outages were considered on pieces of equipment that supplied 66kV and 132kV and not unplanned outages that affect lower voltage equipment.
Percentage of planned maintenance performed	70,0%	Management only reported on maintenance of substations and excluded the maintenance of all other electrical systems.

Indicator	Target	Detail
Percentage of unsurfaced road graded	4,48%	No information has been submitted for the preparation and approval of the budgeted planned or preventative maintenance of all electrical systems. We were unable to verify the total kilometres of unsurfaced municipal roads. The road network is outdated and last measured by service providers during 2012.
Percentage of surfaced municipal road lanes which has been resurfaced and resealed	0,5% (8km)	We were unable to verify the total kilometres of surfaced municipal road lanes. The road network is outdated and last measured by service providers during 2012.

Installed capacity of approved embedded generators on the municipal distribution network

28. An achievement of 9.523 MW was reported against a target of 0 MW. However, the audit evidence showed the actual achievement to be only 9.052 MW. Consequently, the achievement against the target was lower than reported.

Km of gravel Roads upgraded to Surfaced Standard

29. An achievement of 11,616km was reported against a target of 8km. 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.

A Well Governed City

Various indicators

30. Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets.

Indicator	Target	Detail
Percentage of Complaints/Callouts responded to within 48 hours (Sanitation/Wastewater)	100%	The population of the callouts comprises of 3 regions namely, (Coastal) areas around the East London CBD, (Midland) areas around Mdantsane (Inland) and areas around King Williams Town. The population of the (Inland) region is omitted. The reported achievement in the Annual Performance Report (APR)

Indicator	Target	Detail
		does not represent the entire Metro and is not complete.
Percentage of reported pothole complaints resolved within standard municipal response time.	60%	The call complaints schedule contained all potholes that were maintained for the period under review, this is not in line with the requirements of the indicator which requires us to only focus on the pothole complaints reported, to track the efficiency with which the municipality resolves pothole complaints. Management did not make use of job cards to initiate the process of resolving and patching potholes as well as job completion forms to confirm when the job was done. We could not determine whether the potholes reported were completed within the standard municipal response times.
Percentage of wastewater treatment capacity unused	40%	The municipality has 15 wastewater treatment works (WWTWs) in the BCMM area. The WWTWs are located within the 3 different regions namely Coastal, Midland, and Inland. We could not confirm measurements for 8 WWTWs as they were not taken during the period under review and 4 of the WWTWs are vandalised and no measurements were taken on these sites. Only 3 of the 15 WWTWs were measured, however measurements were only taken in the fourth quarter despite the indicator being a cumulative indicator which requires annual reporting. The reported achievements on the APR were not complete.

Number of informal settlements upgraded to Phase 2

31. An achievement of 22 was reported against a target of 22. However, some supporting evidence was not provided for auditing; or, 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.

Number of informal settlements assessed (enumerated and classified)

32. An achievement of 31 was reported against a target of 31. However, the audit evidence showed the actual achievement to be only 2. Consequently, the target was not achieved and the achievement against the target was lower than reported.

Other matters

33. I draw attention to the matters below.

Achievement of planned targets

34. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

35. The tables that follow, provides 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 measures taken to improve performance are included in the annual performance report on pages xx to xx.

A Green City

Targets achieved: 90.91 %. Budget spent: 151.19%.		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Percentage of Air Quality (AQ) monitoring stations providing data over a reporting year	75%	0%

A Connected City

Targets achieved: 68.75%. Budget spent: 94.42%		
Key service delivery indicators not achieved	**Planned target**	**Reported achievement**

Percentage of unplanned outages that are restored to supply within industry timeframes	100%	91.67%
Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards	100%	88%
KMs of new municipal road network	7 km	0 km

A Spatially Transformed City

Targets achieved: 41.67%. Budget spent: 98.00%		
Key service delivery indicators not achieved	**Planned target**	**Reported achievement**
Number of new sewer connections meeting minimum standards	300	234
Number of new water connections meeting minimum standards	300	234
Number of serviced sites	643	197

A Well Governed City

Targets achieved: 61.11%. Budget spent :113.33%.		
Key service delivery indicators not achieved	**Planned target**	**Reported achievement**
Percent of Complaints/Callouts responded to within 48 hours (Sanitation/Wastewater)	100%	95%
Percentage of water treatment capacity unused	10%	7%
Percentage of wastewater treatment capacity unused	40%	23%
Infrastructure leakage index	<7.3	7.7

Material misstatements

36. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for A Connected

City and A Well Governed City. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

37. 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.

38. 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.

39. 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.

40. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

41. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, revenue and expenditure identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Strategic planning and performance management

42. The performance management system and related controls were not maintained and were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and organised and managed, as required by municipal planning and performance management regulation 7(1).

43. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

44. Performance targets were not set for each of the KPIs for the financial year, as required by section 41(1)(b) of the MSA and municipal planning and performance management regulation 12(1).

Asset management

45. 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.

46. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

47. 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.

48. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

50. Reasonable steps were not taken to prevent irregular expenditure amounting R1,32 billion as disclosed in note 63 to the consolidated and separate annual financial statements as required by section 62(1)(d) of the MFMA.

51. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R403,50 million, as disclosed in note 61 to the consolidated and separate annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure relates to derecognition of assets not approved by council.

Human resource management

52. 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 and regulation 31 of Municipal Staff Regulations.

Procurement and contract management

53. Some of the goods and services of a transaction value above R750 000 for competitive bids 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). Similar non-compliance was also reported in the prior year.

54. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).

55. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.

56. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.

57. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM Regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.

58. 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 SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.

Consequence management

59. Irregular 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.

Environment management

60. The Reeston, Zwelitsha and Schornville waste water treatment works (WWTWs) were not safeguarded and maintained to prevent defective, depleted, malfunctioning, vandalised infrastructure and theft to operate as intended as required by section 63(1)(a) of the MFMA.

61. I was unable to obtain sufficient appropriate audit evidence that the Amalinda/Central, Berlin, Breidbach, Bisho, Dimbaza, East Bank, Kayser's Beach, Kidd's Beach, Mdantsane, Potsdam, Schornville and Westbank waste water treatment works had valid operating licences, as required by section 22(1)(b) of the National Water Act (NWA).

Other information in the annual report

62. 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 outcome presented in the annual performance report that have been specifically reported on in this auditor's report.

63. 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.

64. 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.

65. 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

66. 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.

67. 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.

68. Leadership did not provide effective oversight responsibility regarding compliance, financial and performance reporting. The slow progress in implementing prior year key audit recommendations has resulted in repeat findings.

69. Leadership and senior management did not effectively implement the audit intervention plan to adequately address previous findings on consolidated and separate financial statements, predetermined objectives and compliance with legislation.

70. Senior management did not implement proper document management and record-keeping systems to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Material irregularities

71. 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

72. The material irregularities identified are as follows:

Pollution of water resource not prevented - Nahoon bulk outflow sewer (NBOS) pipeline (East Bank Waste Water Treatment Works)

73. The Nahoon Bulk Outflow Sewer (NBOS) wastewater pipeline, which pumps sewerage to the East Bank Waste Water Treatment Plant (WWTW), is inadequate and not upgraded to manage increased volumes from human activities. The old infrastructure has limited life expectancy, and inadequate funding for replacement, and uncontrollable expansion of informal settlements have further overwhelmed the current reticulation systems. Residents of informal settlements deliberately or negligently block the sewer network, resulting in sewerage overflows, hotspots,

and spills into the Nahoon River, Nahoon Estuary, and Nahoon Beach. This has led to non-compliance with Section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and Section 19(1) of the National Water Act 36 of 1998 (NWA).

74. I notified the accounting officer of the material irregularity on 23 May 2023 and invited him to make a written submission on the actions taken. The accounting officer responded on 8 June 2023 by advising on the core reasons for the material irregularity as well as steps taken to address the material irregularity and future planned steps:

- Consultants were appointed on 29 April 2022 to investigate and support capacity issues within the NBOS, with one of six recommendations currently implemented to find solutions to the problem that the NBOS waste water pipeline is inadequate to manage increased volumes.

- The Acting Director: Infrastructure Services submitted a report to the Accounting Officer "The Mitigations of River Pollution: WWTWs and Pump Stations Improvement Plan" dated 24 June 2024, proposing to reallocate capital funding for wastewater infrastructure upgrades within three years, focusing on WWTWs and pump stations to deal with funding for replacement of old infrastructure.

- Infrastructure development programmes are put on hold since 8 June 2023 until adequate funding is secured to deal with the inadequate funding for replacement of old infrastructure.

- Regular awareness campaigns and educational efforts was conducted to low-cost housing developments and informal settlements and signposts erected in various areas where land invasions may incur to deal with the deliberate or negligent blockage of sewers by residents of informal settlements. In addition, there was a revision of the Municipal Land Management Policy to address the human settlement challenges.

- Nahoon beach closed on three occasions in 2023 and once in 2024 as a precautionary measure due to increased pollution levels and therefore beach closures occur as a precautionary measure.

- The municipality-initiated security improvements to include installation of alarm systems, pepper gas spray, and cameras to pump stations and WWTWs in response to vandalism and theft. In addition, the municipality initiated plans to implement a 24-hour security monitoring Centre linked to a private armed security services. Standby Generators are also supplied to WWTWs and large pump stations with the feasibility of back-up generators at smaller pump stations are still being evaluated.

- Nompumelelo informal settlement had raw sewage spillages. Recommendations to suspend approval of development proposals within the Nahoon Bulk Outfall Sewer Catchment until measures to increase bulk infrastructure capacity are completed is under consideration to deal with Nompumelelo informal settlement raw sewerage spillages.

- Current work-in-progress is continuing to stop sewage overflows from the pipeline (project start date: 30 May 2022 and completion date: 30 March 2027) to deal with Lower Ridge Road sewage flowing directly into a tributary stream.
- Sample sites along the Nahoon River are monitored weekly or monthly, depending on the specific sample site.

75. A follow up visit performed on 29 April 2024 on the NBOS wastewater pipeline confirmed the status of the NBOS waste water pipeline as follows:

- The Ihlanza Main Wastewater Pump Station and Ihlanza Bridge are experiencing cable theft and vandalism.
- The Torgue Road Pump Station is experiencing wastewater build-up due to design flaws and heavy rains.
- Overflows from the Nompumelelo Township continue to pollute the Nahoon River.
- The Dorchester Heights Pump Station faces blockages and overflows due to overgrown vegetation. Solid waste dumping and sewer blockages are also reported.
- The Maldives Housing Project pump station is non-functional, causing wastewater overflows and pollution.
- The T4 Wastewater Pump Station needs maintenance and repair.
- The Cambridge Pump Station is also non-functional, with major wastewater blockages and overflows in the immediate environment.
- Pollution continues along the NBOS waste water pipeline, as confirmed by tested samples. Water quality monitoring samples submitted included samples exceeding total coliforms, faecal coliforms, and E-coli levels above the MPN/100 ml within the Nahoon River, Nompumelelo storm water inflow, playwater, and picnic site.

76. 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.

Status of previously reported material irregularities

Loss of revenue from rental of municipal properties

77. 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.

78. 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.

79. There has been slow progress in implementing the key controls around the leasing, recording and billing of lease debtors and a number of remedies included in the accounting officer's response has not been completed.

80. The accounting officer had delegated relevant department heads to investigate the root causes that led to unbilled lease debtors on 10 February 2023; however, the outcome of the investigation is still pending, and the consequence management processes has therefore not yet commenced.

81. The implementation of the above planned actions will be followed in the next audit cycle.

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 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 the 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. The municipality has initiated a project that will commence early next year (2025), the focus area or the pressure point to implement will be where the link road joins up with the Gonubie Main Road. This decision was taken due to a large outcry by the developers as well as the ever-growing community along that corridor. The municipality is currently in discussions with the Department of Transport to fund part of the project with a R30 million budget allocation. The funding will be used for phase 1 of the project which will cover the construction of 0.9km from Gonubie Main Road to the intersection 200 meters past Gonubie Palms.

86. The implementation of the above planned actions will be followed in the next audit cycle.

Other reports

87. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

88. Three cases are under investigation by external organizations:

- Two cases, one in relation to councillors' qualifications at an institution of higher learning and the other in relation to procurement irregularities in the electricity department are being investigated by the SIU and are both still in progress at the date of this report.
- The third case is being investigated by the Hawks relates to unlawful appointment of a legal firm through a deviation from normal procurement processes and is still in progress at the date of this report.

89. A case pertaining to structures under COVID-19 was investigated by the SIU and has been finalised. The matter must still be referred to the Disciplinary Board of Council.

Auditor-General

East London

14 December 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor general'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 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

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

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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003.	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 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), 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)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
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), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)

Legislation	Sections or regulations
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(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), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b) Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
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), 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)
MSA: Municipal Staff Regulations	Regulations: 7(1),31
National Environmental Management: Waste Act 59 of 2008	Section: 20(b)

Legislation	Sections or regulations
National Water Act 36 of 1998	Section: 22(1)(b)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(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), 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)

Comment on Auditor-General's Opinion: 2023/2024

The Auditor General has issued a qualified audit opinion with findings on the Annual Financial Statements for the year ended 30 June 2024. The Annual Financial Statements present fairly, in all material respects, the consolidated and separate financial position of the Buffalo City Metropolitan Municipality.

Management comments and corrective action are to be instituted on the matters raised in the Auditor General report to the Council on the consolidated annual financial statements of Buffalo City Metropolitan Municipality for the year ended 30 June 2024 in terms of section 121(4)(e) of the Municipal Finance Management Act, Act 56 of 2003. The findings are categorised under the heading 'Report on audit of compliance with legislation' and for which management comments and related corrective actions are currently being implemented through the 2023/2024 Audit Action Plan. The findings raised by the Auditor General are being addressed to achieve sound financial management, commitment to clean governance and the attainment of a clean audit.

T6.2.4

Comment On MFMA Section 71 Responsibilities

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)
Dated:

T 6.2.5

APPENDICES

APPENDICES.

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE.

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	100.00%	0.00%
Faku, P. (Executive Mayor) (Elected on 23/3/23)	FT	Metropolitan Mayoral Committee (Chairperson) (Ex-Deputy Executive Mayor)	R ANC	100.00%	0.00%
Mhlola, N.M. (Chief Whip of Council) (Elected on 31/3/23)	FT	Chief Whip of the Council (Ex-Human Settlement Chairperson)	PR ANC	100.00%	0.00%
Angelbeck, R.E.	PT	Corporate Services	PR DA	90.91%	9.09%
Bamla, P.	PT	Human Settlement	Ward 42 ANC	100.00%	0.00%
Bangani, B	PT	Public Safety and Emergency Services	Ward 31 ANC	90.91%	9.09%
Batala, C.N.	PT	Public Safety and Emergency Services	PR EFF	54.55%	45.45%
Bentley, S.E.	PT	Infrastructure Services	PR DA	72.73%	27.27%
Bernardo, A.P.	PT	· Corporate Services · Sports, Recreation and Community Development	PR ACDP	100.00%	0.00%
Booi, S.	PT	Sports, Recreation and Community Development	Ward 22 ANC	100.00%	0.00%
Botha, A.M.C.	PT	Solid Waste and Environmental Management	PR DA	90.91%	9.09%
Caga, S.W. **(Elected on 31/3/23)**	FT	MPAC (Chairperson) (Ex-Finance Portfolio Committee Chairperson)	PR ANC	100.00%	0.00%
Ciliza, K.	PT	· Economic Development and Agencies · Finance	Ward 1 ANC	90.91%	9.09%
Daniso, M.	PT	Infrastructure Services	Ward 44 ANC	90.91%	9.09%
Dywili, Z.A.	PT	· Solid Waste and Environmental Management · Sports, Recreation and Community Development	Ward 2 ANC	90.91%	9.09%
Faku, K.T.	PT	Economic Development and Agencies	Ward 40 ANC	63.64%	36.36%
Faku, M.	PT	Finance	PR EFF	45.45%	54.55%
Fritz, T.F.	PT	Infrastructure Services	PR DA	81.82%	18.18%
Gcobo, A.	PT	Infrastructure Services	PR PAC	45.45%	54.55%
Gcwabe, A. **Deceased on 3/8/24**.	PT	Economic Development and Agencies	Ward 20 ANC	100.00%	0.00%
Gida, S.P.	PT	Corporate Services	PR EFF	81.82%	18.18%
Goci, N.M.	PT	Awaiting deployment	Ward 5 ANC	90.91%	9.09%
Gqola, L.	PT	Strategic Development	Ward 39 ANC	90.91%	9.09%

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			%	%
Green, J.D.	PT	Human Settlement	PR DA	63.64%	36.36%
Gulwa, S.S.	PT	Finance	Ward 23 ANC	100.00%	0.00%
Gunyazile, A.	PT	· Corporate Services · MPAC	Ward 50 ANC	100.00%	0.00%
Hali, L.	PT	Spatial Planning and Development	Ward 3 DA	72.73%	27.27%
Hansen, P.	PT	· Infrastructure Services · Strategic Development	Ward 10 ANC	90.91%	9.09%
Hlekiso, M.	PT	MPAC	PR EFF	72.73%	27.27%
Hoffman, S.M.	PT	Sports, Recreation and Community Development	Ward 19 DA	90.91%	9.09%
Holmes, V.A.	PT	Spatial Planning and Development	PR DA	90.91%	9.09%
Jaxa, P.	PT	MPAC	Ward 48 ANC	90.91%	9.09%
Kalani, B.	PT	· MPAC · Spatial Planning and Development	Ward 27 ANC	100.00%	0.00%
Kese-Ndotyi, N.L.	PT	Human Settlement	Ward 38 ANC	72.73%	27.27%
Kilimani, N.W.	PT	Public Safety and Emergency Services	Ward 46 ANC	90.91%	9.09%
Knoetze, V.D.	PT	Strategic Development	Ward 29 DA	90.91%	9.09%
Kosani, M.	PT	Economic Development and Agencies	PR DA	63.64%	36.36%
Kumbaca, N.L.N.	PT	Economic Development and Agencies	PR ANC	81.82%	18.18%
Libala, S	PT	Awaiting deployment	PR EFF	54.55%	45.45%
Lottering, G.M.	FT	Sports, Recreation and Community Development (Chairperson)	PR ANC	90.91%	9.09%
Luhadi, N.E.	PT	Spatial Planning and Development	PR EFF	54.55%	45.45%
Mahanjana, D.A.	PT	Spatial Planning and Development	Ward 43 ANC	90.91%	9.09%
Majeke, A	PT	MPAC	PR DA	90.91%	9.09%
Majeke, K.	PT	Finance	Ward 8 ANC	90.91%	9.09%
Mangxola, O.	PT	Corporate Services	PR DA	90.91%	9.09%
Mashiya, M.J.	PT	· Economic Development and Agencies · Strategic Development · MPAC	PR ATM	81.82%	18.18%
Masiki, Y.	PT	Awaiting deployment	PR EFF	36.36%	63.64%
Matwele, S.T.	FT	Spatial Planning and Development (Chairperson) (Acting Chairperson Public Safety and Emergency Services for August 2024)	PR ANC	90.91%	9.09%
Maxongo, N. (Elected on 31/3/23)	FT	Finance (Chairperson) (Ex-Chairperson Spatial Planning and Development)	PR ANC	90.91%	9.09%
Mcako, M.	PT	Sports, Recreation and Community Development	Ward 34 ANC	100.00%	0.00%

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			**%**	**%**
McDowell, J.S.	PT	· Public Safety and Emergency Services · Strategic Development	Ward 18 DA	90.91%	9.09%
Mcwabeni, N.	PT	· Public Safety and Emergency Services · Human Settlement	Ward 15 ANC	90.91%	9.09%
Mfazwe, M.M. (Elected on 31/3/23)	FT	Human Settlement (Chairperson) (Ex-Chairperson Infrastructure Services Portfolio Committee) (Acting Chairperson Corporate Services for January 2024 and August 2024)	PR ANC	63.64%	36.36%
Mfene, M.	PT	Corporate Services	Ward 26 ANC	90.91%	9.09%
Mhlauli, O.	PT	· Corporate Services · Strategic Development	Ward 13 ANC	90.91%	9.09%
Mndi, N.	PT	Spatial Planning and Development	Ward 21 ANC	100.00%	0.00%
Mnyute, A.O.	PT	Awaiting deployment (Ex Solid Waste and Environmental Management) (Chairperson until 31/3/23)	PR ANC	90.91%	9.09%
Mpupha, K.H.	PT	Sports, Recreation and Community Development	PR EFF	63.64%	36.36%
Mrwebi, V.A.	PT	Strategic Development	Ward 17 ANC	100.00%	0.00%
Mtyingizane, Z.	PT	Chairperson : Women's Caucus (Ex-MPAC member)	Ward 14 ANC	90.91%	9.09%
Mxabanisi-Gakrishe, C.	PT	Finance	Ward 25 ANC	90.91%	9.09%
Mzekeli, L.	PT	MPAC	Ward 6 ANC	72.73%	27.27%
Neale-May, H.E. (Elected on 31/3/23)	FT	Public Safety and Emergency Services (Chairperson) (Ex-Chairperson Corporate Services Portfolio Committee) (Acting Chairperson Corporate Services from February 2024 to May 2024)	PR ANC	90.00%	10.00%
Nkala, A.	PT	Corporate Services	Ward 49 ANC	100.00%	0.00%
Nkungwini, S.	PT	Human Settlement	PR EFF	63.64%	36.36%
Nokoyo, A.S.	PT	Sports, Recreation and Community Development	PR EFF	45.45%	54.55%
Noyakhe, Z.	PT	Solid Waste and Environmental Management	PR EFF	63.64%	36.36%
Ntsasela, S. (Elected on 31/3/23)	FT	Economic Development and Agencies (Chairperson) (Ex-Chief Whip of the Council)	PR ANC	90.91%	9.09%

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			%	%
Ntshebe, N.M.	PT	Solid Waste and Environmental Management	Ward 37 ANC	90.91%	9.09%
Nyusile, M.L.	PT	Awaiting deployment	PR ANC	90.91%	9.09%
Pakati, X.A.	PT	Awaiting deployment (Ex-Executive Mayor) (Chairperson until 22/3/2023)	PR ANC	63.64%	36.36%
Peter, V.	PT	Awaiting deployment	PR ANC	100.00%	0.00%
Phandliwe, S.	PT	· Human Settlement · Spatial Planning and Development	Ward 35 ANC	90.91%	9.09%
Phethani, A.A. **Deceased on 10/6/24.**	PT	Sports, Recreation and Community Development	Ward 12 ANC	100.00%	0.00%
Pohl, F.C.	PT	Solid Waste and Environmental Management	Ward 28 DA	81.82%	18.18%
Qali, N.	PT	Infrastructure Services	Ward 16 ANC	100.00%	0.00%
Ralasi, A.	PT	Awaiting deployment	PR ANC	63.64%	36.36%
Rumbu, S.P.	PT	· Economic Development and Agencies · Strategic Development	PR EFF	63.64%	36.36%
Sabana, N.	PT	Public Safety and Emergency Services	Ward 32 ANC	90.91%	9.09%
Sauli, B.	PT	MPAC	Ward 36 ANC	100.00%	0.00%
Siboyana, V.	PT	· Finance · Infrastructure Services	PR ANC	100.00%	0.00%
Skepe, S.G.	PT	Corporate Services	Ward 41 ANC	63.64%	36.36%
Skoti, A.J.	PT	· Human Settlement · Public Safety and Emergency Services	PR UDM	63.64%	36.36%
Stemela, N.C.	PT	Spatial Planning and Development	Ward 11 ANC	100.00%	0.00%
Stewart, L.A.	PT	Sports, Recreation and Community Development	Ward 4 DA	90.91%	9.09%
Tempi, T.	PT	· Human Settlement · Infrastructure Services	Ward 45 ANC	90.91%	9.09%
Theron, D.A.	PT	Spatial Planning and Development	PR FFP	81.82%	18.18%
Thomas, M.D.	PT	Solid Waste and Environmental Management	Ward 33 ANC	90.91%	9.09%
Tom, N.C. (Started w.e.f. 31/3/23 Council meeting) Elected as Chairperson on 31/3/23. **Deceased on 4/5/24.**	FT	Corporate Services (Chairperson)	PR ANC	50.00%	50.00%
Tshabe, N.E.	PT	Infrastructure Services	PR EFF	54.55%	45.45%
Tutu, M.	PT	Strategic Development	Ward 24 ANC	100.00%	0.00%
Tutu, V.	PT	· Finance · Solid Waste and Environmental Management	PR AIC	72.73%	27.27%

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			%	%
Tyali, Y. (Elected on 31/3/23)	FT	Infrastructure Services (Chairperson) (Ex-MPAC Chairperson)	PR ANC	100.00%	0.00%
Vallabh, D.	PT	Economic Development and Agencies	PR DA	63.64%	36.36%
Walton, G.K.	PT	· Finance · MPAC	PR DA	81.82%	18.18%
Wetsetse, M.	PT	Economic Development and Agencies	Ward 9 ANC	90.91%	9.09%
Whittington, N.	PT	· Public Safety and Emergency Services · Solid Waste and Environmental Management	Ward 30 ANC	100.00%	0.00%
Wolose, F.S.	PT	Public Safety and Emergency Services	Ward 47 DA	90.91%	9.09%
Wood, B.F.	PT	Finance	PR DA	72.73%	27.27%
Yekiso-Morolong, M.C. (Elected on 31/3/23)	FT	Solid Waste and Environmental Management (Chairperson) (Ex Chairperson : Women's Caucus)	Ward 7 ANC	100.00%	0.00%
Zonke, K.	PT	Human Settlement	PR DA	81.82%	18.18%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDIX B: COMMITTEES AND COMMITTEE PURSPOSES.

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	**Purpose of Committee**
CORPORATE SERVICES PORTFOLIO COMMITTEE	To consider and to make recommendations to the Council on the measures necessary including inter alia the following – Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings Manpower planning Recruitment, selection, remuneration, utilization and development of staff; Occupational Health and Safety and Industrial Health services; Productivity in the municipal workforce Training and staff development; Employment equity and skills development Employee performance; Information and technology support services; Contract management and negotiations in respect of salary increases and fringe benefits; Measures required in respect of the avoidance of strike and other conflict actions; Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and Council Support Auxilliary,Records Management and Decision Tracking
INSTITUTIONAL OPERATIONS AND CIVIC RELATIONS PORTFOLIO COMMITTEE	To make recommendations to the Executive Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects.
MUNICIPAL SERVICES PORTFOLIO COMMITTEE	To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following – Childcare facilities; Pontoons, ferries, jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto]; Beaches and amusement facilities; Cemeteries, funeral parlours and crematoria; Fencing and fences; Local amenities; Local sports facilities Municipal parks and recreation Public places; Horticulture; Libraries; Halls; and Community Support Centres.
FINANCE PORTFOLIO COMMITTEE	To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following – Budget alignment; Monitoring and budget implementation; Control measures Financial reporting; Budget management including revenue and expenditure management; Capital raising; and Supply Chain management.
BUDGET STEERING COMMITTEE	The Finance Budget Committee will fulfil the following Operational functions. Budget Management Revenue (Including Tariffs Expenditure) In-year Financial Reporting Control Measures of Budget Implementation Monitoring and Budget Progress Budget Implementation It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored
HEALTH AND PUBLIC SAFETY AND EMERGENCY	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;

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	**Purpose of Committee**
SERVICES PORTFOLIO COMMITTEE	Firefighting services; Municipal health services; Trading regulations. Control of public nuisances; Control of undertakings that sell liquor to the public; Facilities for the accommodation, care and burial of animals; Licensing of dogs; Licensing and control of undertakings that sell food to the public; Municipal abattoirs; Noise pollution; Street trading; Traffic and parking; and Disaster management.
DEVELOPMENT AND SPATIAL PLANNING PORTFOLIO COMMITTEE	To make recommendations to the Mayoral Committee and Council on transportation, town and regional planning, architectural, land survey and land administration matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic land and property use, including inter alia the following – Building regulations and control Municipal planning Billboards and the display of advertisements in public places Spatial planning, Spatial Development Frameworks and precinct plans Architectural services GIS Mapping Regional / District/ Precinct management Spatial norms and standards enforcement Land use management Property management Municipal valuations
INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE	To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services , including inter alia the following – Air pollution; Electricity and gas reticulation; Municipal airports; Municipal public works Storm water management systems; Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal Municipal public transport systems; Cleansing; Municipal roads; Refuse removal, refuse dumps and solid waste disposal; Street lighting; and Traffic and parking Fleet management and maintenance Scientific services Built environment with the exception of town planning building control
IDP AND ORGANISATIONAL PERFORMANCE MANAGEMENT PORTFOLIO COMMITTEE	To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56 of the Municipal Structures Act.
ECONOMIC DEVELOPMENT AND AGENCIES PORTFOLIO COMMITTEE	To assist the Executive Mayor in ensuring that the economic development including rural development of the whole community of Buffalo City is promoted (sections 152 & 153 of the Constitution), including inter alia the following:- Facilitate job creation Promote the development of small, medium and micro-enterprises Market the municipality holistically Promote and facilitate rural development Arts and culture and Heritage Activities Municipal public transport Street trading
HUMAN SETTLEMENTS PORTFOLIO COMMITTEE	To make recommendations to the Mayoral Committee and Council on housing matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic use of housing resources.
SOCIAL FACILITATION COMMITTEE	To consider Councilors welfare and matters related thereto

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	**Purpose of Committee**
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: 3RD 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	MS NOMFANELO MQOQI-MONDI
SOLID WASTE AND ENVIRONMENTAL MANAGEMENT	MS YOLISWA SINYANYA
PUBLIC SAFETY AND EMERGENCY SERVICES	ADVOCATE BONISWA MZIMBA
FINANCE SERVICES	MR NTSIKELELO SIGCAU/ MR VINCENT PILLAY
SPATIAL PLANNING AND DEVELOPMENT	MR SANDILE BOOI
HUMAN SETTLEMENT	MR LUYANDA MBULA
SPORT, RECREATION AND COMMUNITY DEVELOPMENT	MR HOWARD SIKWEZA

APPENDIX D: MUNICIPAL/ENTITY FUNCTIONS.

MUNICIPAL / ENTITY FUNCTIONS		
MUNICIPAL FUNCTIONS	**FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO) ***	**FUNCTIONS APPLICABLE TO THE ENTITY (BCMDA)**
Constitution Schedule 4, Part 4 functions		
Air Pollution	Y	
Building regulations	Y	
Child care facilities	Y	
Electricity and gas reticulation	Y	
Firefighting services	Y	
Local tourism	Y	Y
Municipal airports	N	
Municipal planning	Y	
Municipal health services	Y	
Municipal public transport	Y	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	Y	
Storm water management systems in built-up areas	Y	
Trading regulations	Y	
Water and sanitation services limited to potable water supply and domestic waste-water and sewage disposal systems	Y	
Beaches and amusement facilities	Y	
Billboards and the display of advertisements in public places	Y	
Cemeteries, funeral parlours and crematoria	Y	
Cleansing	Y	
Control of public nuisances	Y	
Control of undertakings that sell liquor to the public	Y	
Facilities for the accommodation, care and burial of animals	Y	
Fencing and fences	Y	
Licensing of dogs	Y	
Licensing and control of undertakings that sell food to the public	Y	
Local amenities	Y	
Local sport facilities	Y	
Markets	Y	Y
Municipal abattoirs	Y	
Municipal parks and recreation	Y	
Municipal roads	Y	
Noise pollution	Y	
Pounds	Y	
Public places	Y	
Refuse removal, refuse dumps and solid waste disposal	Y	
Street trading	Y	
Street lighting	Y	
Traffic and parking	Y	
*If municipality: indicate (yes or No), * If entity: Provide name of entity		TD

APPENDIX E: WARD REPORTING.

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr KUHLE CILIZA	Yes	2		
	NOMPEMBELELO ANNE MAKUPULA				
	VUYELWA GQOLA				
	LUNGISILE JULIUS PAUL				
	THENJISWA CYNTHIA MTATSI-NTUKU				
	NONKOSINATHI MAKUPULA				
	FUNDILE LUPINDO				
	NORMA CALVERY				
	SINDISWA SYLVIA SONSTHI				
2	Cllr ZWELIKHANYILE AKHONA DYWILI	Yes			1
	MBULELO FILTANE				
	ZUKISWA MAVIS WELANI				
	NYAKOMBI ELLIOT MVULENI				
	LOYISO VICTOR MAKI				
	MASIZA JADU				
	NTOMBOXOLO JAZA				
	FUNDISWA MSENGANA				
	AKHONA ROLINYATHI				
	FUNEKA NONZINYANA				
3	Cllr LORNA HALI	Yes	5		
	NONTUTUZELO KELELE				
	WISEMAN JABULILE SOGONI				
	TABILE ZINGISA KUNJWA				
	SIPHOKAZI VANESSA MPOFU (Deceased and not yet replaced)				
	SIPHOKAZI TUNYARA				
	THAPELO VICTOR FUNO				
	FEZIWE MAYEDWA				
	VUYISA BLOSSOM JUMBA				
	SIMAMKELE GUNTU				
	ANNA JOHANNA ELIZABETH BYNES				
4	Cllr LEMARC ALLISTER STEWART	Yes	2		4
	MICHAEL THANDO NTONGA				
	SINDISWA MANYI				
	BUYISWA MENTHER MXOKISO				
	HEADMAN MATYENI				
	NANCY DYUNA				
	THEMBISA QUKULU				
	PUMEZA TEMPI				
	NONTUTHUZELO PRUNAH FOKWEBE				
	NOMBULELO NKUNGWANA				
	ISAAC KODWA				
5	Cllr MONICA GOCI	Yes			1
	YOLANDA AMANDA MAKOM				
	BULELWA NONJEZI				
	NOMALIZO EUNICE GALADA				
	NTOBEKO MICHAEL MATEYISI				

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
	ZANDISILE BELLINGTON STUURMAN				
	NONTEMBISO LETTICIA GCULE				
	SIHLE TOKO				
	AMANDA MADUMANE				
	AGCOBILE AMOS BUNGU				
6	Cllr LUKHANYISO MZEKELI	Yes	1		
	SIYABULELA MENZELELI				
	NOMVUYO GODINI				
	SIMAMKELE KLAAS				
	UNATHI MADYAKA			3	
	DEVINA PERRIN				
	STEVEN ADKINS				
	SIBONGILE NDUMISO			1	
	JENNIFER HARMAN			4	
	MZIWAMADODA BOOI			1	
	MAURICE BRICE WHITTINGTON			1	
7	CLLR CLARA MOROLONG-YEKISO	Yes			
	MATU JAMJAM				
	NOMBUYISELO NOMVULA MHLATI				
	NOMBEKO ELSIE DEKI				
	ARRIE WILLIAMS				
	TEMBISA GETRUDE MBATYOTI				
	MICHAEL LINDA NONGOGO				
	MNINAWA NGUMBELA				
8	CLLR KWANELE MAJEKE	Yes			
	SIPIWO DODO				
	VATHISWA NONDUMISO QOTO				
	NCEBA VILI				
	NTOMBOXOLO SOMJWAXA				
	AKHONA QACO				
	PETER CRAIG DAVIDS				
	MZWANDILE BUKULA				
	ANELA LINDANI				
	PULENG ROSELINE KLAAS				
	NOXOLO MATETA				
9	CLLR MENDI WETSETSE	Yes			
	PETER GREY				
	NANGAMSO MAKAZI				
	LINDA MHLAMBI				
	LENA VANI				
	MZWANDILE ADONISI				
	LINDA PELI				
	NTOMBOKANYO VIRGINIA DAWETI				
	LUDUMO CLAXTON LUSASENI				
	AKHONA FIYO				
10	CLLR PEARL HANSEN	Yes			
	CARMAN AUDREY DANIELS				

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
	PHUMEZA WAYAYA			1	
	THEMBAKAZI GLENROSE HLOPHEKAZI				
	SIPHOSETHU XALA			3	
	NOLUVUYO FEFANI			2	
	GETRUDE MICHAELS				
	NOSISA DYASI				
	AGNES NOTOSI FRANCE				
	NOMTHANDAZO JACK			1	
	LUNGISWA CEBANA				
11	CLLR NOZUKO CLAUDIA STEMELA	Yes	2		3
	XOLELWA JILINGISI-FANCE				
	ZIKHONA MALUNGA				
	ZOLISWA TENGISILE				
	ZODWA MAGOPHENI				
	PUMELA GLORIA BANI				
	LINDA PATIENCE LESTIG (Deceased) NOSIPHO NDLOVU (Replacement)				
	APHIWE MEKUTO				
	PELOKAZI NKANYUZA				
	LUNGILE ALFRED DAVID				
	VIWE MAPASA				
12	CLLR ANDILE ANDY PHETHANI	Yes	1		
	SIVUYILE JACOB				
	ODWA SITYANA				
	JOYCE NOLALA TISHALA (Deceased) VUYOKAZI VIVIAN FUNEKA (Replacement)				
	LAWUKAZI NZEKENI				
	NOMSA VERONICA TENGI				
	NOLUTHANDO MGUBO				
	MTSATSENI PELISWA				
	BENNET WILLIE TYABULE				
	SIKELELWA MVULENI				
	WINEKA PETI				
13	CLLR OSCAR MHLAWULI	Yes			
	KHAYA MELANE				
	MCINGISI GOODWILL NGQINISO				
	NOSITHANA LONGO				
	ZANELE QEBEDU				
	SIPHOSETHU BUNU				
	SINDISWA NYANDA				
	SIZIWE IRIS DANISO				
	SANELE MANJINGOLO				
	NOMPHELO KWETHA				
	FUZILE PATNER GOMBA				
14	CLLR ZININZI MTYINGIZANE	Yes			
	LUKHANYO NDUBANE				

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
	PHUMELA PLAATJIE				
	ZIMASA MALEKI				
	AMANDA NDILEKA MNTYEKU				
	NOSIPHIWO SAMFUMFANA				
	JULIA UNATHI XHOLO				
	PHILASANDE MAKANOZA				
	BUKELWA ETHEL MENDU				
	VUYOKAZI SWEETNESS MENQE				
15	CLLR NWABISA MCWABENI	Yes			
	SIPHOSETHU HLAMVANA				
	SIYABONGA NDALISO				
	NTOMBIZANELE QAWU				
	NOMAPHELO XHELO				
	VUYELWA BHODA				
	ZANETHEMBA GASELA				
	FUNDISWA MSHWESHWE				
	AMANDA YVONNE BOKO				
16	CLLR NTSIKA QALI	Yes			
	MNIKELO MAZAMISA				
	NOBONILE PRISCILLA TYITYI				
	NODUMO LYNETTE MONAKALI				
	LUNGISILE LOVEMORE MAGAMA				
	PATIENCE NONE ZANTSI				
	NOSISA MBEKI				
17	CLLR VELISWA MRWEBI	Yes			
	MCEBISI MASUMPA			6	
	NOMPUMELELO PRISCILLA DEKEZA			2	
	NONKULULEKO NDZIWENI			2	
	NGATHINI MRWARWAZA			2	
	AYANDA VASINI			-	
	YONELA NJEBULANA			2	
	BUSISIWE DOROTHY NYABA			5	
	CINGELWA SIKWEYIYA			4	
	MELISIZWE MBULELO MANCAPA			1	
	VUYOLWETHU FAYE			-	
18	CLLR JASON SCOTT MCDOWELL	Yes	4		3
	JAN LOUIS ROODT				
	CARIKE ANEL GOUWS				
	MAURICE LEVY				
	KATHLEEN BADENHORST				
	HALDANE WALTER CUNNINGHAM				
	SUSAN MERLE HOLMES				
	BERYL KEIL				
	ALAN ROBERT CARTER				
19	CLLR SHANDRE MERYLIN HOFFMAN	Yes			

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
	CHARLENE DOROTHY SHELVER				
	ROSEMARY ANNE SCHROEDER				
	THANDOLWETHU JALI				
	VUYOKAZI BLAYI				
	THABANG LENNOX SEJOSENGOE				
	GLORIA MERY FREYSTER				
	RODWELL CECIL FREDRICKS				
	ABIGAIL HAZEL OLIPHANT				
	PETRUS DAVID OLIPHANT				
20	CLLR APHIWE GCWABE	YES			
	MASIXOLE NIMROD TIYA			-	
	SONWABO FUMANISA			-	
	BONGANI MLUMBI			-	
	AGRINETTE WILLIAMS			-	
	ANDILE TAFENI			-	
	SIPHOKAZI FUNDISA MBONJA			-	
	MZWANDILE ROYARD CWECWE			-	
	UNATHI NOGWEBU			-	
	LUVUYO TYAMZASHE			-	
	KWAMILA VANI			-	
21	CLLR NKOSINATHI MNDI	YES			
	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	CLLR SABELO BOOI	Yes	1		4
	NOSICELO AGNES MAYO				
	DORA MOEKETSI				
	ZUKISANI XHANGA				
	THOZAMA MTSHATSHENI				
	NELISWA LORRAINE RAYIBO				
	DANISWA NQWILISO				
	NTOMBIZODWA MILRED MDLANKOMO				
	NAMHLA PIPILE				
	NOMAPHELO NXIWA				
	SANDILE MQWASHINI				
23	CLLR SIMBONGILE SIDWELL GULWA	YES			2
	XOLISA WELCOME KOMANI				
	ANDILE VICTOR MELUDE				
	THEMBANI NKAYI				

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
	MZIWANELE SIMON LINDENI				
	LESLEY MABOY AUGUST				
	MATHABO GQAMLANA				
	NOBUNTU MAVIS PONTSHI				
	PUMZILE NDABA				
	SIVENATHI FALI				
24	CLLR MELISIZWE TUTU	YES	3		1
	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	CLLR CYNTHIA MXABANISI-GAKRISHE	YES			
	NOBELUNGU NZUZO-RALA				
	ASANDA COLLEN QOSHA				
	ANDILE MENI				
	NOMVUKO THEODORA NDINDWA				
	THEMBELA GLADYS MFAKADOLO				
	NTOMBIZANELE NTOZINI				
	SILUMKO CHRISTOPHER MARAMBA				
	ANELE ROBERT NKWALASE				
	FUNIWE EUNICE MTYOKI				
	SEDGWWICK MHLELI JACOBS				
26	CLLR MONDE MFENE	YES			
	NTOMBIZANELE NJOLI			5	
	ZOLISWA SAMANTHA TUSWA			4	
	SAKHUMZI OBEDIENT JAJI			-	
	VELISWA VINOLEAH QONDANI			2	
	BAQIWE EUNICE NQEZU			2	
	THELIWE XHONGOSHE			2	
	QHAMANI BATYI			-	
	ARON NABALA NTONGANA			2	
	XOLANI MLILWANA			2	
	GCOBANI NGCUKA			1	
27	CLLR BOY-BOY KALANI	YES	1		2
	NOZUKO AKHANYA SONJICA				
	NOSIBULELO LINDA SITYEBI				
	THULANE MADALA				
	ZIMASA MPOFU				
	NIKISWA INNOCENTIA KONDILE				
	SIPHOSETHU MAVUKA				
	NOMONDE MAQOKOLWANA				

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
	LUNGA MQHAYI				
	AYANDA TEENAGE TUNYWA				
	SIKO DALASILE				
28	CLLR FREDRICK CAREL POHL	YES	4		
	FANDILEKI ZWELINZIMA (Resigned) PUMZA MPULAMPULA (Replacement)				
	SIKHULULE SIBALI				
	SHARONNE BERNADETTE DEWING				
	BRENDA PAMELA GUNGU				
	MICHAEL GOERGE WILLIAMS				
	CAREL ANNE MAYER				
	SETON JOHN PROUD				
	MERVYN MALCOM SYMONS				
	NORMAN ROBERT AGNEW				
29	CLLR VALERIE DAWN KNOETZE	YES	3		
	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	CLLR NONTYILELO WHITTINGTON	YES			
	FUNEKA TWASHU			3	
	RICHARD NELSON BANJWA			3	
	NOMPUMELELO VICTORIA GODA-SHELENI			4	
	NTOMBIKAYISE GQADUSHE			2	
	XOLISWA BEAUTY TATAYI			6	
	PHUMLA NISEKO			2	
	NOMBUYISELO PRETTY BAVUMA			4	
	SILINDOKUHLE TYENI			4	
	NONANI MASHIBINI			3	
	BULELWA DOREEN BULANE			-	
31	CLLR BONISANI BANGANI	YES			
	SINDISWA VENUS TSHWELI				
	PATISWA JULIET MQUQU				
	BONISILE DAVID MKOBENI				
	OLWETHU MABUDA				
	PUMZA JULIA MGAJU				
	PUMEZO MABUSELA				
	NOLUVUYO PEKUZA				
	SIYAVUYA TUKUTEZI				
	KHOLEKA CYNTHIA MALI				

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
32	CLLR NTOMBEKHAYA SAMBANA	YES			3
	ANDILE SIZANI				
	NTOMBENSTHA VERONICA GAULA				
	NOZIPHO SHEILA MAWENI				
	NTOMBIZAKHE JALI				
	SISEKO KENNY VELU				
	PHELISILE PATRICK STRATO				
	SIMON MERILE				
	ZAMIKHAYA PETRICK MARANGXA				
33	CLLR MLULEKI DAVID THOMAS	YES			
	BUYISWA VINUS KWAYIMANI				
	BULELWA MAHOLWANA				
	ZUKISA MONA				
	NOMVELISO VICTORIA NTONA				
	BONIWE DYAKOPU				
	THUNDEZWA TSHUBABANTU				
	LINDILE LENNOX VUSANI				
	FEZIWE MBILINI				
	XOLANI KALIPA				
	VUYOKAZI KHOHLISO				
34	CLLR MAYIHLOME MCAKO	YES			
	NANGAMSO MAKAYI				
	MANDISA HLAZO				
	MAMPHO NOSIPHO BUZANI				
	OLWETHU TABO				
	NELISWA KEIT				
	AMANDA MTWAKU				
	THEMBELA NICHOLINE FENI				
	NOSIPO BLOSSOM MTSHAULANA				
	XOLANI NELSON NGCAM				
	ZAMILE DESMOND JOKANI				
35	CLLR SIMBONGILE PHAM		1		2
	SINDISWA MONICA NANTE				
	SIMPHIWE MAGQAZA				
	NOLUNDI ANGEL MALGAZ				
	PHELO PAMELLA NAKA				
	NOLUBABALO CECILIA NOYILA				
	SIKHULULWE MELANE				
	OLWETHU NDIKI-PLAATJIE				
	NOKUTHULA KULA				
	NONTLANTLA VENI				
36	CLLR BONGIWE SAULI	YES	1		4
	NELSON XOLANI MAWUWA				
	THEMBAKAZI MFUKU				
	MBULELO CLEFORD MAGCOBA				
	ANATHI MATADI				
	BULELWA VELEM				

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
	MAJOR LUNGISILE SOMNONO				
	PUMEZA CIBI				
	SONWABO LIVINGSTONE JOYISI				
	VELISWA FAITH SOPOTELA				
	KILANI ANDILE				
37	CLLR NTOMBEKHAYA NTSHEBE	YES			
	PHIWOKUHLE AKHONA LINDANI				
	GALLANT VULINDAWO SISWANA				
	PHILA KHANGELANI JENTILE				
	YANDISA UNATHI MBEWU				
	MZIMKHULU MERRYMAN GQAMANE				
	ASANDA BEREND				
	GLORIA NTOMBIZABANTU MABESI				
	ZOLISWA MATENJWA				
38	CLLR NTOMBOMZI NDOTYI	YES	6		2
	ZIKHONA CEBOKAZI MBOLEKWA				
	MOMFUSI CYNTHIA MJAKUJA				
	LUNGEKA OLGA SIGWELO (Resigned)				
	THOZAMA BEAUTY GWAM				
	LUDWE MFUMFU				
	SISANDA HAPPINESS NKANJENI				
	SYLVIA PHINDILE TANALI				
	NKULULEKO MAXIN MANI				
	NOLUTHANDO MONI				
	MANELISI CALLCIUS KEPE				
39	CLLR LUNGA GQOLA	YES			
	NONDUMISO YAKOBI				
	MZUVUKILE GOODMAN NGALO				
	MELVIN JAMES SMITH				
	LUKHANYO FABA				
	BATHINI MANELI				
	MANDILAKHE MNYAKA				
	NOLUKHOLO MBAQA				
	NOKHANYO MXINZELELI				
	NICHOLUS MZIWABANTU GQIBA				
40	CLLR KHOLIWE THEMLA FAKU	YES			
	NOMTHANDAZO JOSI				
	THEMBINKOSI MICHAEL GXALATANE				
	MPHUMEZO MAGQUPU				
	NWABISA MLOLWENI				
	JUSTICE MAKAPELA				
	SIYABULELA TSHEFU				
	ASANDISO GALADA				
	BONISWA MAVIS NTSHEBE				

APPENDIX F: WARD INFORMATION.

Capital Expenditure of 5 largest projects*

R' 000

Name of Project	Current: 2022/2023			Variance: Current 2022/2023	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
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*

Name of Project - A	Sleeper Site Road
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
Name of Project - B	Rural Roads
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
Name of Project - C	Roads Provision
Objective of Project	To rehabilitate existing urban roads in BCMM
Delays	None
Future Challenges	This is an ongoing project aimed at improving the condition of roads infrastructure in BCMM. It will be ongoing for a number of years.
Anticipated citizen benefits	All the residents of BCMM
Name of Project - D	Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)
Objective of Project	The Upgrading of Electrical infrastructure, broken down into MV/LV Network, MV switching
Delays	None
Future Challenges	N/A
Anticipated citizen benefits	All the residents of BCMM as there would be less interuption of electrical supply.
Name of Project - E	Smart Metering Solutions - Water & Electricity
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

TF1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery			126 000	126 500 (including informal settlements)	
Households without minimum service delivery			40 000	89 762	
Total Households*					
Houses completed in year					379
Shortfall in Housing units					115 024
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 2015/16
1	New electricity connections	328 new connections
2	New water connections	234
3	New sanitaion connections	233
4	High mast lighting for security	6
5	Ablution facilities constructed	100
T F.3		

APPENDIX G: RECOMMENDATIONS OF THE AUDIT COMMITTEE.

Municipal Audit Committee Recommendations		
Date of Committee Meeting	**Committee recommendations during 2023/2024**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
Audit Committee Meeting – 28 July 2023	2	2-Yes
Audit Committee Meeting – 24 October 2023	5	5-Yes
Audit Committee Meeting – 30 January 2024	3	2-yes 1-Ongoing
Audit Committee Meeting (Induction) – 15 March 2024	3	1-Pending 2-Ongoing
Audit Committee Meeting – 30 April 2024	1	1-Yes

APPENDIX H: LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS.

Not applicable to BCMM.

APPENDIX I: MUNICIPAL ENTITY SERVICE PROVIDER PEFORMANCE SCHEDULE.

NB. Please see BCMDA Performance Schedule attached

APPENDIX J: DISCLOSURE OF FINANCIAL INTERESTS.

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**				
	Eastern Cape Socio Economic Consultative Council		Director	
	3 Residential Properties		Owner	
	Parliament Investment		Pension Fund	
	Special Pension (Government)		Pension Fund	
Nontobeko **Luhadi**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Bongiwe **Sauli**	Bcmda		Non – Executive Member	
	El Idz		Non – Executive Member	
Aluta Nokoyo	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Terence Flavian **Fritz**				
			Government Old Age (Wife)	
			Daddy Tee Builders Cc(Wife)	Sole Member
Phakamile **Bamla**	Sponsor For Heritage Day		Gift	
Ncedo Kumbaca			2 Residential Properties (Mdantsane & Amalinda)	Owner
Songezo Nkungwini	Whiphold Project			Gift
Mninawa Lewis **Nyusile**			Alexander Forbes	Pension
Dinesh Vallabh			Sasol	Ordinary
			Little Creek	Shareholder
			Dinesh Family Trust	Trustee
			Dmd Partnership	Partner
			Walter Sisulu University	Professor
			3 Residential Properties	Owner/Partner
			Residential Property (India)	
			International Travel (Trip Paid By Walter Sisulu University)	
Anele Skoti	Gift From Relative		Gift	
Nozibele Emily **Tshabe**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Funeka Sarah **Wolose**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Johannes Dick **Green**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
			Residential Property	Owner
Roy Angelbeck			Derosa Trust	Trustee
			Maas Shop	Owner/Partner
			Ironwood Barn	
			2 Commercial Properties (Farm)	Owners/Trust Owner
			3 Residential Properties	Owner

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
Kuhle Ciliza	Ciliza Foundation (Npo)			
Kwanele **Zonke**	The Annual 4990			Ordinary
Monica Ntombenani **Goci**	Olagmm (Pty)			Director
Anele Gunyazile	Mary Cares Nursing Agency			Home Carer
Sixolisiwe **Ntsasela**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Anathi Majeke	Travelled To The United States Of America As An International Visitor On A Leadership Programme			
Melisiwe **Tutu**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Ntombomzi Kese-Notyi	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
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
Sindiswa **Skepe**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Lemarc Allister **Stewart**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Deborah Anne **Theron**			Residential Property	Owner
			Sydney Trust	Trustee
			Pam Property	Intern Agent
			Residential Property	Landlady
			Residential Property	Owner
			Plot	Owner
Clara Yekiso-Morolong	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Mwezi Daniso	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Pearl Hansen	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Boy-Boy **Kalani**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Nceba Kilimani	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Helen Neale-May			Strong Cities Network Sponsors: Eu, Us State Department & Danish Embassy	Sponsorship Trip To Nyc

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
			Guardian To 8-Year-Old Girl	Guardian
			Gonubie Rotary Club	Member
			Raki Master Healer	Member
Beverly Frieda **Wood**	Nothing Declared		Nothing Declared	Nothing Declared
Cindy Batala	Nothing Declared		Nothing Declared	Nothing Declared
Mandla **Faku**	Nothing Declared		Nothing Declared	Nothing Declared
Lunga Gqola			Borntyre General Trading	
			L And G Trading	
			Elam Cebo Travel Agency	
			Kwalini Business Forum	
Noma-Africa **Maxongo**			Priscilla Maxongo Foundation	Director
Koleka Mphupha	Nothing Declared		Nothing Declared	Nothing Declared
Ayanda **Nkala**	Nothing Declared		Nothing Declared	Nothing Declared
Ntombekhaya **Ntshebe**	Nothing Declared		Nothing Declared	Nothing Declared
Sangweni **Matwele**	Nothing Declared		Nothing Declared	Nothing Declared
Simbongile **Gulwa**	Nothing Declared		Nothing Declared	Nothing Declared
Graham Lottering	Sasol (Shares)			Ordinary
	Intloko Auto Engineering			Sole Proprietor
	G.M Lottering			Trustee
Mluleki David **Thomas**	Department Of Education			Teaching
	Government Pension Fund			Pension
Jason Mcdowell			Mcdowell Agencies	
			Platinum Mine Investment	
Andile Phethani	Nothing Declared		Nothing Declared	Nothing Declared
Nontyilelo Whittington			Anizametix (Pty) Ltd	Ordinary
			Zee's Tarven	Ordinary
Mendy Wetsetse	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Xola Anderson **Pakati**			South African Local Government Association (Salga)	Deputy President
Vusumzi **Tutu**			Qzl Furniture	Owner
			Nxarhuni Youth Development Agency	Ordinary
Bonisani **Bangani**	Mbanja Transport			
	Bovuyo Holding			
	Mdudura Cooperative			
Thulani Tempi	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Aphiwe **Gcwabe**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Andries **Bernardo**	Binace			Investment (Crypto)
Anastasia **Botha**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared

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
Vaughan Andrew **Holmes**	Attorney			Sole Proprietor
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
Veliswa **Mrwebi**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Sakhumzi **Caga**			Property Owner (Mdantsane And Cape Town)	Owner
Zukiswa Noyakhe **Aloni**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Siyabonga **Gida**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Susan Bentley			2 Residential Properties (East London, Gqeberha)	
			Plot	
Princess **Faku**	Sasol (Shares)			Ordinary
	PPIP Trading			Co-Owner
			Residential Property	
Ayanda **Gcobo**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Lorna Hali	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Valerie Dawn **Knoetze**			Residential Property	Owner
			Corenet	Employee
			Homes4u	Agent
Malibongwe **Mfazwe**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Akhona **Dywili**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Dumisani **Mahanjana**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Shandre **Hoffman**			Scaw Metals	Storeman
			Residential Property (Buffalo Flats)	Owner
Geoffrey Keith **Walton**			Absa	Ordinary
			Old Mutual	Ordinary
			Walton Family	Trustee
			Residential Property	Owner
			Various	Pension Fund
Kholiwe Thelma **Faku**	Nothing Declared		Nothing Declared	Nothing Declared
Simbongile **Phandliwe**	Sini General Trading Pty Ltd			Owner
Ntombekhaya **Sabana**	Nothing Declared		Nothing Declared	Nothing Declared

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
Yolanda **Masiki**	Romantic Partner		Gift	
Mandisa Joy **Mashiya**	M.J. Momane			Sole Member
	African Transformation Movement			O.D Consultant
Lukanyiso **Mzekeli**	Nothing Declared	Nothing Declared	Nothing Declared	Nothing Declared
Simphiwe **Libala**	Sassa			Disability Grant
Kwanele **Majeke**	Battalion Projects			Resigned
	Lk Afrika Solutions			Deregistered
	Duncan Village Business Development Forum			Non-Active
	Travelled Abroad To Botswana On BCMM		Council Business	
Mawethu **Kosani**	Nothing Declared		Nothing Declared	Nothing Declared
Mziyanda **Hlekiso**	Nothing Declared		Nothing Declared	Nothing Declared
Ntombikayise **Tom**	Noting Declared		Nothing Declared	Nothing Declared
Mayihlome **Mcako**	Noting Declared		Noting Declared	Noting Declared
Nkosinathi **Mndi**	Noting Declared		Noting Declared	Noting Declared
Ntombizandile Maureen **Mhlola**	Pension Fund		Pension	
Amanda Olwethu **Mnyute**	Ngubesilo Intitutude Siyolise Service Campany		Sole Member Sole Member	
Oscar Mhlauli	Noting Declared		Noting Declared	Noting Declared
Yomelela **Tyali**	Masangoza Solution Pty Ltd		Owner	
Nozuko Claudia **Stemela**	Ooyongose Trading Anivuyina Contration		100% Shares 100% Shares	
Monde **Mfene**	Noting Declared		Noting Declared	Noting Declared

DISCLOSURE OF FINANCIAL INTERESTS FOR CITY MANAGER AND HEADS OF DIRECTORATES

Name of Section 56 Manager	Date of Notice to Company	Date of Minute	Particulars of Contract	Nature of Extent of Interest
Mr Mxolisi Yawa	N/A	N/A	Ndosina Investment Holdings 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
Advocate Boniswa Mzimba	N/A	N/A	Powerhouse Development Services – Widow Wellness & Empowerment	Non-Profit Organisation – no remuneration
Ms Ncumisa Sidukwana	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
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
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 (i): REVENUE COLLECTION PEFORMANCE BY VOTE AND BY SOURCE.

Revenue Collection Performance by Vote						R' 000
Vote Description	2022/2023	Current: 2023/2024			2023/2024 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 01 - Directorate - Executive Support Services	191	377	411	407	7%	-1%
Vote 02 - Directorate - Municipal Manager	27,415	19,541	16,059	16,087	-21%	0%
Vote 03 - Directorate - Human Settlement	236,851	410,850	363,663	344,201	-19%	-6%
Vote 04 - Directorate - Chief Financial Officer	3,014,628	3,750,743	3,764,743	3,816,846	2%	1%
Vote 05 - Directorate - Corporate Services	12,451	11,778	11,548	15,378	23%	25%
Vote 06 - Directorate - Infrastructure Services	4,476,048	4,769,472	4,743,969	4,781,003	0%	1%
Vote 07 - Directorate - Spatial Planning And Development	140,429	135,746	123,320	139,780	3%	12%
Vote 08 - Directorate - Public Safety & Emergency Services	179,714	205,616	190,474	250,816	18%	24%
Vote 09 - Directorate - Municipal Services	–	–	–	–	0%	0%
Vote 10 - Directorate - Economic Development & Agencies	133,371	161,042	194,618	145,044	-11%	-34%
Vote 11 - Directorate - Solid Waste, Environmental & Health Management	435,885	627,167	748,003	700,990	11%	-7%
Vote 12 - Directorate - Sport, Recreation & Community Development	33,503	82,698	81,521	64,528	-28%	-26%
Total Revenue by Vote	**8,690,487**	**10,175,029**	**10,238,329**	**10,275,080**	**1%**	**0%**
Expenditure by Vote						
Vote 01 - Directorate - Executive Support Services	278,459	304,739	272,693	271,921	11%	0%
Vote 02 - Directorate - Municipal Manager	148,509	153,112	175,260	166,466	-9%	5%
Vote 03 - Directorate - Human Settlement	48,283	187,439	172,899	158,914	15%	8%
Vote 04 - Directorate - Chief Financial Officer	993,452	1,012,840	981,208	907,925	10%	7%
Vote 05 - Directorate - Corporate Services	243,555	240,909	245,441	244,017	-1%	1%
Vote 06 - Directorate - Infrastructure Services	5,493,492	5,291,826	5,200,008	6,474,630	-22%	-25%
Vote 07 - Directorate - Spatial Planning And Development	356,036	297,599	281,937	354,466	-19%	-26%
Vote 08 - Directorate - Public Safety & Emergency Services	501,899	516,559	578,273	577,714	-12%	0%
Vote 09 - Directorate - Municipal Services	–	–	–	–	0%	0%
Vote 10 - Directorate - Economic Development & Agencies	184,332	1,514,273	1,564,411	267,709	82%	83%
Vote 11 - Directorate - Solid Waste, Environmental & Health Management	602,264	659,806	771,259	807,351	-22%	-5%
Vote 12 - Directorate - Sport, Recreation & Community Development	468,558	519,821	436,288	499,615	4%	-15%
Total Expenditure by Vote	**9,318,838**	**10,698,924**	**10,679,677**	**10,730,730**	**0%**	**0%**
Surplus/ (Deficit) for the year	**(628,351)**	**(523,895)**	**(441,348)**	**(455,650)**	**13%**	**-3%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR						*T K.1*

APPENDIX K (ii): REVENUE COLLECTION PEFORMANCE BY SOURCE.

Revenue Collection Performance by Source						R '000
Description	2022/2023	2023/2024			2023/2024Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	1,784,854	2,208,577	2,208,577	2,127,634	-4%	-4%
Service Charges - electricity revenue	2,016,953	2,614,161	2,459,296	2,385,332	-10%	-3%
Service Charges - water revenue	623,777	933,423	845,689	918,430	-2%	8%
Service Charges - sanitation revenue	483,923	493,351	573,555	559,118	12%	-3%
Service Charges - refuse revenue	416,514	406,053	509,293	470,948	14%	-8%
Service Charges - other	85,974	145,958	145,958	123,512	0%	0%
Rentals of facilities and equipment	24,501	23,129	23,129	23,226	0%	0%
Interest earned - external investments	85,676	24,054	211,915	389,110	94%	46%
Interest earned - outstanding debtors	247,427	211,915	38,713	51,630	-310%	25%
Fines	65,631	20,080	9,239	65,438	69%	86%
Licences and permits	12,216	17,667	13,367	13,698	-29%	2%
Agency services	21,871	27,261	27,933	18,764	-45%	-49%
Transfers recognised - operational	1,936,174	1,463,862	1,493,500	1,351,978	-8%	-10%
Other revenue	884,997	826,064	826,168	891,886	7%	7%
Gains on disposal of PPE	–	–	–	23,532	0%	0%
Total Revenue (excluding capital transfers and contributions)	**8,690,487**	**9,415,557**	**9,386,331**	**9,414,236**	**-0.01%**	**0.30%**
Expenditure By Type						
Employee related costs	2,443,914	2,884,448	2,770,836	2,736,129	-5%	-1%
Remuneration of councillors	71,600	74,057	68,967	68,967	-7%	0%
Debt impairment	956,486	1,328,917	1,483,891	1,336,718	1%	-11%
Depreciation & asset impairment	1,896,596	1,903,202	1,903,413	1,891,873	-1%	-1%
Finance charges	48,316	13,567	13,592	46,211	71%	71%
Bulk purchases	1,912,234	2,512,494	2,318,297	2,273,929	-10%	-2%
Inventory consumed	350,866	286,314	319,459	289,635	1%	-10%
Contracted services	284,184	903,924	879,478	857,802	-5%	-3%
Transfers and grants	91,955	154,110	140,569	131,531	-17%	-7%
Other expenditure	1,118,061	545,352	688,155	668,781	18%	-3%
Loss on disposal of PPE		92,540	93,020	469,905	80%	80%
Total Expenditure	**9,174,212**	**10,698,924**	**10,679,677**	**10,771,480**	**1%**	**1%**
Surplus/(Deficit)	**(483,725)**	**(1,283,367)**	**(1,293,346)**	**(1,357,244)**	**5%**	**5%**
Transfers recognised - capital		759,472	851,998	838,435	9%	-2%
Transfers and subsidies - capital (in-kind - all)	(124,483)	–	–	22,409	0%	0%
Surplus/(Deficit) for the year after capital transfers and contributions	**(608,208)**	**(523,895)**	**(441,348)**	**(496,400)**	**-6%**	**11%**
Taxation		**-**	**-**		**0%**	**0%**
Share of surplus/ (deficit) of associate	(20,143)	–	–	40,750	**100%**	**100%**
Surplus/(Deficit) for the year	**(628,351)**	**(523,895)**	**(441,348)**	**(455,650)**	**-15%**	**3%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						*T K.2*

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG.

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	11,000	10,770	10,770	-2%	0%	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.
Urban Settlement Development Grant	518,034	618,034	612,188	15%	-1%	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	35,759	30,321	-34%	-18%	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.
Expanded Public Works Programme Grant	6,093	6,093	6,094	0%	0%	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.
Programme and Project Preparation Support Grant	18,908	12,908	11,689	-62%	-10%	To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and instituionalising an effective and efficient system of programme and project preperation and the allocation of growing level of municipal resources to preperation activities
Informal Settlements Upgrading Partnership Grant	294,556	277,122	275,817	-7%	0%	To provide funding for problematic inclusive and municipality-wide approach to upgrading informal settlements
Other Specify:						
Total	**890,172**	**961,686**	**947,877**	**6%**	**-15%**	

APPENDIX M (i): CAPITAL EXPENDITURE – NEW ASSETS PROGRAM.

Capital Expenditure - New Assets Programme*							R '000
Description	2022/2023	2023/2024			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Capital expenditure by Asset Class							
Infrastructure - Total	**475,831**	**361,538**	**375,781**	**296,493**	**375,781**	**383,834**	**390,874**
Infrastructure: Road transport - Total	**104,727**	**106,625**	**141,500**	**127,909**	**142,500**	**110,120**	**91,667**
Roads, Pavements & Bridges	69,521	60,650	90,145	81,508	90,145	71,670	63,863
Storm water	35,206	45,975	51,355	46,401	52,355	38,450	27,804
Infrastructure: Electricity - Total	**96,351**	**5,000**	**23,119**	**22,151**	**23,119**	**39,477**	**35,150**
Generation							
Transmission & Reticulation	96,351	5,000	23,119	22,151	23,119	39,477	35,150
Street Lighting							
Infrastructure: Water - Total	**221,161**	**182,363**	**169,225**	**109,866**	**168,225**	**162,545**	**185,975**
Dams & Reservoirs							
Water purification	221,161	182,363	169,225	109,866	168,225	162,545	185,975
Reticulation							
Infrastructure: Sanitation - Total	**47,464**	**65,550**	**40,266**	**35,153**	**40,266**	**68,693**	**76,082**
Reticulation							
Sewerage purification	47,464	65,550	40,266	35,153	40,266	68,693	76,082
Infrastructure: Other - Total	**6,127**	**2,000**	**1,671**	**1,414**	**1,671**	**3,000**	**2,000**
Waste Management							
Transportation							
Gas							
Other	6,127	2,000	1,671	1,414	1,671	3,000	2,000
Community - Total	**17,184**	**44,388**	**27,249**	**12,594**	**27,249**	**28,569**	**39,709**
Parks & gardens							
Sportsfields & stadia	267	100	97	91	97	150	300
Swimming pools							
Community halls							
Libraries	3,934	5,500	6,120	5,186	6,120	3,000	2,612
Recreational facilities	10,475	19,100	6,313	5,975	6,313	16,919	22,573
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries	–	1,300	200	–	200	–	3,000
Cemeteries	11	500	510	510	510	250	500
Social rental housing							
Other	2,496	17,888	14,009	831	14,009	8,250	10,724
Table continued next page							

APPENDIX M (ii): CAPITAL EXPENDITURE – RENEWAL PROGRAM.

Capital Expenditure - New Assets Programme*							R '000
Description	2022/2023	2023/2024			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Capital expenditure by Asset Class							
Heritage assets - Total	2,472	1,000	972	972	972	–	–
Buildings							
Other	2,472	1,000	972	972	972	–	–
Investment properties - Total	**34,529**	**46,500**	**37,010**	**33,289**	**37,010**	**26,000**	**5,224**
Housing development	34,529	46,500	37,010	33,289	37,010	26,000	5,224
Other							
Other assets	**68,385**	**117,979**	**98,054**	**61,810**	**98,054**	**180,920**	**151,981**
General vehicles	35,132	27,500	30,259	14,700	30,259	86,800	48,500
Specialised vehicles							
Plant & equipment	5,154	19,654	16,436	10,750	16,436	26,869	38,758
Computers - hardware/equipment	287	2,790	2,783	1,867	2,783	3,515	3,615
Furniture and other office equipment	10,261	16,535	16,178	8,384	16,178	26,100	29,324
Abattoirs							
Markets							
Civic Land and Buildings	12,695	15,000	3,316	2,569	3,316	15,000	15,672
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	4,856	36,500	29,082	23,539	29,082	22,636	16,112
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	–	–	–	–	–	–	–
Licences and Rights							
Intangibles	7,817	3,848	6,393	97	6,393	13,100	8,100
Computers - software & programming	7,817	3,848	6,393	97	6,393	13,100	8,100
Other (list sub-class)							
Total Capital Expenditure on new assets	**606,217**	**575,253**	**545,459**	**405,255**	**545,459**	**632,424**	**595,887**
Specialised vehicles	–	–	–	–	–	–	–
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)*							*T M.1*

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*

R '000

Description	2022/2023	2023/2024			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Capital expenditure by Asset Class							
Investment properties	–	–	–	–	–	–	–
Housing development	–			–	–	–	–
Other							
Other assets	**18,822**	**19,400**	**10,723**	**5,562**	**10,723**	**10,800**	**16,224**
General vehicles	–	1,000	1,505	–	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	18,822	18,400	9,218	5,562	9,218	9,800	15,224
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	212	600	582	462	582	400	–
Zoo's, Marine and Non-biological Animals	212	600	582	462	582	400	–
Intangibles	–	–	–	–	–	–	–
Computers - software & programming							
Other (list sub-class)	–			–			
Total Capital Expenditure on renewal of existing assets	**819,730**	**644,073**	**793,974**	**704,473**	**793,974**	**598,691**	**682,456**
Specialised vehicles	–	–	–	–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

** Note: Information for this table may be sourced from MBRR (2009: Table SA34b)*

APPENDIX N: CAPITAL PROGRAM BY PROJECT; 2023/2024.

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DIRECTORATE OF EXECUTIVE SUPPORT SERVICES					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500,000	227,604	227,604	0%	-120%
TOTAL: EXECUTIVE SUPPORT SERVICES	500,000	227,604	227,604	0%	-120%
MUNICIPAL MANAGERS 'OFFICE					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500,000	500,000	74,326	-573%	-573%
OFFICE FURNITURE AND EQUIPMENT-EPMO	100,000	88,322	88,322	0%	-13%
TOTAL: MUNICIPAL MANAGER'S OFFICE	600,000	588,322	162,648	-262%	-269%
DIRECTORATE OF INFRASTRUCTURAL SERVICES					
OFFICE OF THE DIRECTOR					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	955,158	313,314	-205%	-60%
	500,000	955,158	313,314	-205%	-60%
ELECTRICITY					
BULK ELEC INFRAS UPGR(RING-FENCED 4%)	104,566,432	105,222,776	89,428,298	-18%	-17%
LV NETWORK - RC=COASTAL	21,600,000	19,318,672	19,318,672	0%	-12%
HV TRANSMISSION NETWORK - RC=COASTAL	22,000,000	22,000,000	14,102,761	-56%	-56%
HV TRANSMISSION NETWORK		22,000,000	14,102,762	-56%	100%
LV NETWORKS - RW=WHOLE METRO	60,966,432	41,904,104	41,904,104	0%	-45%
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	20,000,000	16,773,162	16,773,162	0%	-19%
LV NETWORKS - RW=WHOLE METRO	20,000,000	16,773,162	16,773,162	0%	-19%
STREET LIGHT & HIGHASTS - BCMM AREAS OF SUPPLY	5,000,000	8,242,474	8,248,516	0%	39%
LV NETWORKS - RW=WHOLE METRO	5,000,000	8,242,474	8,248,516	0%	39%
TOOLS AND EQUIPMENT (SPECIALISED VEHICLES)	1,353,991	0	0	0%	0%
BUILDING ALTERATIONS - BEACON BAY CIVIC CENTRE & OPERATIONS DEPOT	1,400,000	0	0	0%	0%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
	132,320,423	130,238,412	114,449,976	-14%	-16%
ROADS					
BOWLS ROAD REHABILITATIONN - WARD 3	5,000,000	2,654,298	2,654,298	0%	-88%
BOWLS ROAD REHABILITATIONN - WARD 3	0	5,306,204	5,456,193	3%	100%
REHABILITATION OF SETTLER'S WAY	0	82,284,899	82,284,899	0%	100%
CONSTRUCTION OF ROAD INFRASTRUCTURE - TOYANA ROAD	19,581,000	10,000,000	4,562,093	-119%	-329%
CONSTRUCTION OF ROAD INFRASTRUCTURE	3,000,000	1,142,733	1,202,842	5%	-149%
REHABILIT OF BCMM BRIDGES AND STORMWATER	5,000,000	4,630,744	4,630,744	0%	-8%
REHABILITATION OF BEACONHURST DRIVE	5,000,000	174,058	174,058	0%	-2773%
REHABILITATION OF BEACONHURST DRIVE	0	828,862	828,862	0%	100%
ROADS PROVISION	72,755,625	14,279,803	14,634,728	2%	-397%
ROADS PROVISION - WARD 01	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 02	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 03	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 04	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 05	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 06	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 07	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 08	2,000,000	1,990,346	1,990,346	0%	0%
ROADS PROVISION - WARD 09	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 12	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 13	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 16	2,000,000	0	0	100%	0%
ROADS PROVISION - WARD 18	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 19	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 20	2,000,000	0	0	0%	0%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ROADS PROVISION - WARD 22	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 25	2,000,000	0	0	100%	0%
ROADS PROVISION - WARD 26	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 27	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 28	2,500,000	0	0	100%	0%
ROADS PROVISION - WARD 29	2,000,000	176,498	176,498	0%	-1033%
ROADS PROVISION - WARD 31	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 32	1,500,000	0	0	100%	0%
ROADS PROVISION - WARD 34	2,000,000	1,997,105	1,997,105	0%	0%
ROADS PROVISION - WARD 35	1,500,000	0	0	100%	0%
ROADS PROVISION - WARD 36	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 39	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 41	2,000,000	1,000,000	1,000,000	0%	-100%
ROADS PROVISION - WARD 43	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 44	2,000,000	1,392,825	1,392,825	0%	-44%
ROADS PROVISION - WARD 45	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 47	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 50	2,000,000	0	0	0%	0%
ROADS PROVISION - WARD 08	1,255,625	1,255,625	1,255,625	0%	0%
ROADS PROVISION - WARD 10	2,000,000	2,522,997	2,522,997	0%	21%
ROADS PROVISION - WARD 15	2,000,000	2,122,651	2,204,313	4%	9%
ROADS PROVISION - WARD 16	2,000,000	1,821,756	2,095,020	13%	5%
ROADS PROVISION	0	63,285,819	61,244,658	-3%	100%
ROADS PROVISION - WARD 01	0	1,993,267	1,993,267	0%	100%
ROADS PROVISION - WARD 02	0	546,106	546,106	0%	100%
ROADS PROVISION - WARD 03	0	1,541,684	1,541,684	0%	100%
ROADS PROVISION - WARD 04	0	1,843,184	1,843,184	0%	100%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ROADS PROVISION - WARD 05	0	4,293,288	4,293,288	0%	100%
ROADS PROVISION - WARD 06	0	2,300,000	2,300,000	0%	100%
ROADS PROVISION - WARD 07	0	2,300,000	2,300,000	0%	100%
ROADS PROVISION - WARD 09	0	2,117,300	2,222,722	5%	100%
ROADS PROVISION - WARD 12	0	1,669,654	1,669,654	0%	100%
ROADS PROVISION - WARD 13	0	1,944,238	1,944,238	0%	100%
ROADS PROVISION - WARD 16	0	812,690	812,690	0%	100%
ROADS PROVISION - WARD 19	0	1,959,935	1,959,935	0%	100%
ROADS PROVISION - WARD 20	0	1,931,985	1,931,985	0%	100%
ROADS PROVISION - WARD 22	0	5,981,027	5,981,027	0%	100%
ROADS PROVISION - WARD 25	0	1,984,644	1,984,644	0%	100%
ROADS PROVISION - WARD 26	0	2,263,714	0	0%	0%
ROADS PROVISION - WARD 27	0	2,147,999	2,147,999	0%	100%
ROADS PROVISION - WARD 28	0	2,810,958	2,810,958	0%	100%
ROADS PROVISION - WARD 29	0	1,848,733	1,848,733	0%	100%
ROADS PROVISION - WARD 31	0	1,851,592	1,851,592	0%	100%
ROADS PROVISION - WARD 32	0	1,712,864	1,712,864	0%	100%
ROADS PROVISION - WARD 34	0	2,957,400	2,957,400	0%	100%
ROADS PROVISION - WARD 35	0	1,497,169	1,614,299	7%	100%
ROADS PROVISION - WARD 36	0	2,250,051	2,250,051	0%	100%
ROADS PROVISION - WARD 39	0	1,938,454	1,938,454	0%	100%
ROADS PROVISION - WARD 41	0	284,360	284,360	0%	100%
ROADS PROVISION - WARD 43	0	1,993,698	1,993,698	0%	100%
ROADS PROVISION - WARD 44	0	2,602,054	2,602,054	0%	100%
ROADS PROVISION - WARD 45	0	2,248,866	2,248,866	0%	100%
ROADS PROVISION - WARD 50	0	1,658,905	1,658,905	0%	100%
RURAL ROADS	29,000,000	31,521,603	31,904,943	1%	9%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
RURAL ROADS - WARD 33	2,000,000	0	0	0%	0%
RURAL ROADS - WARD 33		1,998,186	1,998,186	0%	100%
RURAL ROADS - WARD 17	2,000,000	2,041,178	2,069,512	1%	3%
RURAL ROADS - WARD 22	2,000,000	2,099,269	2,099,269	0%	5%
RURAL ROADS - WARD 24	2,000,000	2,262,954	2,262,954	0%	12%
RURAL ROADS - WARD 25	1,000,000	1,150,000	1,150,000	0%	13%
RURAL ROADS - WARD 26	2,000,000	2,218,713	2,218,713	0%	10%
RURAL ROADS - WARD 31	2,000,000	2,297,686	2,297,686	0%	13%
RURAL ROADS - WARD 32	2,000,000	1,923,552	1,923,552	0%	-4%
RURAL ROADS - WARD 33	1,500,000	1,723,916	1,723,916	0%	13%
RURAL ROADS - WARD 34	1,500,000	1,497,158	1,721,732	13%	13%
RURAL ROADS - WARD 35	2,000,000	2,259,695	2,259,695	0%	11%
RURAL ROADS - WARD 36	1,500,000	1,724,299	1,724,299	0%	13%
RURAL ROADS - WARD 38	1,500,000	1,722,201	1,722,201	0%	13%
RURAL ROADS - WARD 40	1,500,000	1,723,356	1,723,356	0%	13%
RURAL ROADS - WARD 43	1,500,000	1,725,000	1,725,000	0%	13%
RURAL ROADS - WARD 49	1,000,000	869,565	1,000,000	13%	0%
RURAL ROADS - WARD 50	2,000,000	2,284,875	2,284,875	0%	12%
UPGR OF MDANTSANE RDS - CLUST 1	5,000,000	6,503,408	6,503,408	0%	23%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 11	1,000,000	1,075,217	1,075,217	0%	7%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 12	1,000,000	1,150,000	1,150,000	0%	13%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 14	1,000,000	1,150,000	1,150,000	0%	13%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 17	1,000,000	1,150,000	1,150,000	0%	13%
UPGR OF MDANTSANE RDS - CLUST 1: WARD 42	1,000,000	1,978,191	1,978,191	0%	49%
UPGR OF MDANTSANE RDS - CLUST 2	5,500,000	55,168,619	55,168,617	0%	90%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 11	1,500,000	13,673,750	13,673,750	0%	89%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 17	1,000,000	3,232,152	3,232,152	0%	69%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 20	1,000,000	8,915,619	8,915,619	0%	89%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 30	1,000,000	8,604,595	8,604,595	0%	88%
UPGR OF MDANTSANE RDS - CLUST 2: WARD 48	1,000,000	20,742,503	20,742,503	0%	95%
UPGR OF MDANTSANE RDS - CLUST 2	13,500,000	73,957,838	75,198,368	2%	82%
UPGR OF MDANTSANE RDS - CLUST 3: WARD 20	3,000,000	12,168,050	13,408,580	9%	78%
UPGR OF MDANTSANE RDS - CLUST 3: WARD 21	3,500,000	20,100,257	20,100,257	0%	83%
UPGR OF MDANTSANE RDS - CLUST 3: WARD 23	3,500,000	18,079,479	18,079,479	0%	81%
UPGR OF MDANTSANE RDS - CLUST 3: WARD 24	3,500,000	23,610,052	23,610,052	0%	85%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
UPGRADE OF NORTH EAST EXPRESSWAY	4,000,000	0	0	0%	0%
URBAN ROADS	6,500,000	10,221,967	10,221,966	0%	36%
URBAN ROADS - WARD 35	1,500,000	0	0	0%	0%
UPGRADE OF NORTH EAST EXPRESSWAY		3,948,968	3,948,968	0%	100%
URBAN ROADS - WARD 35		479,216	479,216	0%	100%
URBAN ROADS - WARD 37	3,000,000	3,430,717	3,430,717	0%	13%
URBAN ROADS - WARD 39	2,000,000	2,363,066	2,363,066	0%	15%
REFURBISHMENT OF UBUHLANTI ROADS		5,411,460	5,411,460	0%	100%
	173,836,625	367,372,315	362,082,139	-1%	52%
WASTEWATER					
SANITATION FACILITIES IN INFORMAL SETTLEMENTS	10,000,000	8,458,199	8,458,199	0%	-18%
BERLIN SEWERS	3,000,000	1,057,778	1,057,778	0%	-184%
BISHO KWT & ZWELITSHA BULK REG SEWER SCHEME	20,000,000	4,018,718	4,018,718	0%	-398%
EAST BEACH GRAVITY SEWER UPGRADE	8,000,000	7,839	7,839	0%	-101950%
EAST BEACH GRAVITY SEWER UPGRADE		1,582,746	1,582,746	0%	100%
REFURBISHMENT-MDTS NETWORK FLOOD DAMAGES		28,126,659	28,126,659	0%	100%
RENEWAL OF INFRASTRUCTURE - TREATMENT WORKS	17,000,000	6,756,626	6,756,626	0%	-152%
HOOD POINT MARINE OUTF SEWER & AUXILLIARY WORKS	4,000,000	1,523,915	1,523,915	0%	-162%
MDANTSANE WASTEWATER TREATMENT WORKS	19,598,320	18,591,843	18,591,843	0%	-5%
UPGRADING OF POTSDAM WASTEWATER TREATMENT WORKS	5,500,000	1,904,372	1,904,372	0%	-189%
DUCATS SANITATION	3,000,000	0	0	0%	0%
NEW WEST BANK WASTEWATER TREATMENT WORKS	5,500,000	367,719	367,719	0%	-1396%
UPGRADING OF BERLIN WASTEWATER TREATMENT WORKS	3,000,000	1,560,228	1,560,228	0%	-92%
	98,598,320	73,956,642	73,956,643	0%	-33%
WATER DEPT					
KWT & BHISHO INFRASTRUCTURE					
BULK MAINS-KWT & BHISHO INFRASTRUCTURE	5,000,000	4,812,393	4,990,339	4%	0%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
UPGRADE WATER NETWORKS					
BULK MAINS-UPGRADE WATER NETWORKS	4,000,000	8,202,124	8,202,124	0%	51%
PUMP STATION-UPGRADE WATER NETWORKS	3,155,315	0	0	0%	0%
WATER BACKLOGS					
BULK MAINS-WATER BACKLOGS	4,000,000	1,789,557	2,057,990	13%	-94%
DISTRIBUTION MAINS-WATER BACKLOGS	5,000,000	5,750,000	5,750,000	0%	13%
RESERVOIRS-WATER BACKLOGS	5,000,000	7,802,920	8,273,556	6%	40%
PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA					
BULK-PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA	2,500,000	4,670,915	4,670,915	0%	46%
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN BISHO, KWT & DIMBAZA	2,500,000	0	0	0%	0%
PIPE AND WATER METER REPLACEMENT IN EL					
BULK-PIPE AND WATER METER REPLACEMENT IN EL	2,500,000	2,491,891	2,491,891	0%	0%
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN EL	2,500,000	2,491,252	2,491,252	0%	0%
PIPE AND WATER METER REPLACEMENT IN MDANTSANE					
BULK-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	4,000,000	3,878,853	3,878,853	0%	-3%
DISTRIBUTION POINTS-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	5,500,000	8,142,011	8,142,011	0%	32%
RESERVOIRS-PIPE AND WATER METER REPLACEMENT IN MDANTSANE	4,000,000	1,593,000	1,593,000	0%	-151%
AMAHLEKE WATER SUPPLY					
DISTRIBUTION-AMAHLEKE WATER SUPPLY	5,000,000	5,592,921	5,592,921	0%	11%
RESERVOIRS EAST COAST SUPPLY	6,150,000	6,083,690	6,083,690	0%	-1%
UMZONYANA DAM AND EAST COAST WATER SUPPLY UPGRADE	25,000,000	23,489,634	23,489,634	0%	-6%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
W/DEMAND MANGM - WATER CONSERV - PRV STA	7,000,000	7,137,623	7,137,623	0%	2%
INFORMAL SETTLEMENTS					
WATER MAINS-INFORMAL SETTLEMENTS INLAND	2,000,000	2,292,317	2,292,317	0%	13%
WATER SUPPLY -INFORMAL SETTLEMENTS COASTAL	6,400,000	6,839,373	6,839,373	0%	6%
DISTRIBUTION MAINS-INFORMAL SETTLEMENTS MIDLANDS	4,000,000	4,428,407	4,428,407	0%	10%
	105,205,315	107,488,881	108,405,897	1%	3%
FLEET					
BCM FLEET PLANT SPEC EQUIP & S/WASTE VEH	10,000,000	10,000,000	2,019,724	-395%	-395%
TOTAL: INFRASTRUCTURE SERVICES	520,460,683	690,011,408	661,227,693	-4%	21%
DIRECTORATE OF FINANCIAL SERVICES					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	499,005	499,005	0%	0%
OFFICE FURN & EQUIPMENT (DIRECTORATE)		2,000,000	1,913,824	-5%	100%
SMART METERING WATER SOLUTIONS	56,438,110	77,372,371	27,601,472	-180%	-104%
SMART METERING ELECTRICITY SOLUTIONS		13,952,919	13,952,919	0%	100%
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM,PROCUREMENT SYSTEM, etc)	3,000,000	0	0	0%	0%
CONSTRUCTION OF OFFICE ACCOMODATION - CUSTOMER CARE OFFICE-MIDLAND	2,000,000	2,000,000	60,180	-3223%	-3223%
ERP SYSTEM (ASSET MANAGEMENT SYSTEM)		5,853,521	0	0%	0%
METER READING SYSTEM c/o		764,075	0	0%	0%
TOTAL: FINANCIAL SERVICES	61,938,110	102,441,890	44,027,401	-133%	-41%
DIRECTORATE OF CORPORATE SERVICES					
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500,000	105,286	105,286	0%	-375%
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM	4,000,000	1,340,000	1,340,000	0%	-199%
PAY DAY ELECTRONIC ATTENDANCE SYSTEM FOR BCMM	1,989,875	989,875	0	0%	0%
FIBRE NETWORK	1,000,000	1,000,000	743,116	-35%	-35%
DISASTER RECOVERY ENHANCEMENT	1,000,000	671,167	671,167	0%	-49%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
PROCUREMENT OF ICT EQUIPMENT	1,000,000	1,000,000	1,180,300	15%	15%
OFFICE FURNITURE AND EQUIPMENT FOR INTERNS	150,000	145,616	145,401	0%	-3%
WI-FI	1,000,000	1,000,000	0	0%	0%
LTE INFRASTRUCTURE c/o		923,903	659,566	-40%	100%
TOTAL : CORPORATE SERVICES	10,639,875	7,175,847	4,844,835	-48%	-120%
DIRECTORATE OF HUMAN SETTLEMENT					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	42,839	42,839	0%	-1067%
POTSDAM IKHWEZI BL 1	10,000,000	5,654,147	5,654,147	0%	-77%
POTSDAM IKHWEZI BL 1 - STORMWATER	2,500,000	3,431,142	3,431,142	0%	27%
POTSDAM IKHWEZI BL 1- ROADS	2,500,000	1,328,696	1,328,696	0%	-88%
POTSDAM IKHWEZI BL 1 - SANITATION	2,500,000	0	0	0%	0%
POTSDAM IKHWEZI BL 1 - WATER	2,500,000	894,309	894,309	0%	-180%
POTSDAM IKHWEZI BL 2	3,000,000	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	500,000	0	0	0%	0%
POTSDAM IKHWEZI BL 2 - WATER	1,000,000	0	0	0%	0%
POTSDAM NORTH KANANA	3,000,000	0	0	0%	0%
POTSDAM NORTH KANANA - SANITATION	2,500,000	0	0	0%	0%
POTSDAM NORTH KANANA - WATER	500,000	0	0	0%	0%
DUNCAN VILLAGE PROPER	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	20,000,000	12,000,000	12,000,000	0%	-67%
MDANTSANE Z 18 CC PH 2 - STORMWATER	10,000,000	2,000,000	2,000,000	0%	-400%
MDANTSANE Z 18 CC PH 2 - ROADS	10,000,000	10,000,000	10,000,000	0%	0%
CLUSTER 1	1,000,000	6,001,064	6,001,064	0%	83%
CLUSTER 1 - STORMWATER	250,000	870,748	870,748	0%	71%
CLUSTER 1 - ROADS	250,000	1,750,000	2,012,500	13%	88%
CLUSTER 1 - SANITATION	250,000	1,750,000	1,487,500	-18%	83%
CLUSTER 1 - WATER	250,000	1,630,316	1,630,316	0%	85%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
CLUSTER 2	15,000,000	30,459,225	30,459,225	0%	51%
CLUSTER 2 - STORMWATER	3,500,000	12,210,025	12,210,025	0%	71%
CLUSTER 2 - ROADS	4,000,000	4,091,961	4,091,961	0%	2%
CLUSTER 2 - SANITATION	3,500,000	4,560,819	4,560,819	0%	23%
CLUSTER 2 - WATER	4,000,000	9,596,420	9,596,420	0%	58%
CLUSTER 3	5,000,000	5,169,379	5,169,379	0%	3%
CLUSTER 3 - STORMWATER	1,000,000	916,585	916,585	0%	-9%
CLUSTER 3 - ROADS	1,000,000	0	0	0%	0%
CLUSTER 3 - SANITATION	1,500,000	2,121,311	2,121,311	0%	29%
CLUSTER 3 - WATER	1,500,000	2,131,483	2,131,483	0%	30%
DUNCAN VILL COMP/SITE	500,000	0	0	0%	0%
DUNCAN VILL COMP/SITE - STORMWATER	75,000	0	0	0%	0%
DUNCAN VILL COMP/SITE - ROADS	150,000	0	0	0%	0%
DUNCAN VILL COMP/SITE - SANITATION	200,000	0	0	0%	0%
DUNCAN VILL COMP/SITE- WATER	75,000	0	0	0%	0%
BRAELYN EXT 10	2,000,000	0	0	0%	0%
BRAELYN EXT 10 - STORMWATER	200,000	0	0	0%	0%
BRAELYN EXT 10 - ROADS	700,000	0	0	0%	0%
BRAELYN EXT 10 - SANITATION	600,000	0	0	0%	0%
BRAELYN EXT 10 - WATER	500,000	0		0%	0%
TYUTYU PHASE 3	2,000,000	3,012,868	3,012,869	0%	34%
TYUTYU PHASE 3 - STORMWATER	500,000	753,300	753,300	0%	34%
TYUTYU PHASE 3 - ROADS	600,000	864,565	864,565	0%	31%
TYUTYU PHASE 3 - SANITATION	400,000	643,043	643,043	0%	38%
TYUTYU PHASE 3 - WATER	500,000	751,960	751,960	0%	34%
WESTBANK RESTITUTION	25,000,000	11,608,649	11,608,650	0%	-115%
WESTBANK RESTITUTION - STORMWATER	5,000,000	1,252,214	1,252,214	0%	-299%
WESTBANK RESTITUTION - ROADS	7,450,000	5,816,215	5,816,215	0%	-28%
WESTBANK RESTITUTION - SANITATION	8,050,000	3,822,319	3,822,319	0%	-111%
WESTBANK RESTITUTION - WATER	4,500,000	717,901	717,901	0%	-527%
C SECTION & TRIANGULAR SITE	500,000	0	0	0%	0%
C SECTION & TRIANGULAR SITE - STORMWATER	100,000	0	0	0%	0%
C SECTION & TRIANGULAR SITE - ROADS	100,000	0	0	0%	0%
C SECTION AND TRIANGULAR SITE - SANITATION	100,000	0	0	0%	0%
C SECTION AND TRIANGULAR SITE - WATER	200,000	0	0	0%	0%

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R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
D HOSTEL	3,000,000	0	0	0%	0%
D HOSTEL - STORMWATER	1,000,000	0	0	0%	0%
D HOSTEL - ROADS	1,000,000	0	0	0%	0%
D HOSTEL - SANITATION	500,000	0	0	0%	0%
D HOSTEL - WATER	500,000	0	0	0%	0%
FORD MSIMANGO	500,000	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	100,000	0	0	0%	0%
FORD MSIMANGO - WATER	50,000	0	0	0%	0%
N2 ROAD RESERVE	1,000,000	0	0	0%	0%
N2 ROAD RESERVE - STORMWATER	1,000,000	0	0	0%	0%
HANI PARK - WATER	5,000,000	2,036,829	2,036,829	0%	-145%
HLALANI - WATER	5,000,000	3,091,856	3,091,856	0%	-62%
PHOLA PARK - WATER	5,000,000	5,248,519	5,248,519	0%	5%
BERLIN LINGELITSHA - PHASE 1 - WATER	5,000,000	4,999,842	4,999,842	0%	0%
ILITHA SPORTSFIELD - WATER	5,000,000	1,161,168	1,161,168	0%	-331%
EMPILISWENI - WATER	5,000,000	6,279,816	6,279,816	0%	20%
MATSHENI PARK - WATER	5,000,000	3,477,127	3,477,127	0%	-44%
KHAYELITSHA - WATER	5,000,000	4,518,404	4,518,404	0%	-11%
KWATSHATUSHU - WATER	1,000,000	0	0	0%	0%
GINSBERG - WATER	5,000,000	0	0	0%	0%
SLOVO PARK - WATER	5,000,000	56,956	0	0%	0%
EKUPHUMLENI - WATER	3,000,000	175,773	0	0%	0%
ETHEMBENI - WATER	3,000,000	345,181	0	0%	0%
EAST BANK RESTITUTION - WATER	3,000,000	0	0	0%	0%
REESTON PHASE 3 STAGE 2	25,000,000	5,027,615	5,027,615	0%	-397%
REESTON PHASE 3 STAGE 2 - STORMWATER 10%	6,000,000	2,227,257	2,227,257	0%	-169%
REESTON PHASE 3 STAGE 2 - ROADS	8,000,000	0	0	0%	0%
REESTON PHASE 3 STAGE 2 - SANITATION	6,000,000	1,458,737	1,458,737	0%	-311%
REESTON PHASE 3 STAGE 2 - WATER	5,000,000	1,341,621	1,341,621	0%	-273%
NONDULA-WATER	850,000	0	0	0%	0%
NONDULA-WATER	4,150,000	0	0	0%	0%
BOXWOOD PROJECT	11,500,000	23,939,063	21,552,487	-11%	47%
BOXWOOD PROJECT - STORMWATER	6,000,000	11,651,783	10,714,019	-9%	44%
BOXWOOD PROJECT - ROADS	5,500,000	12,287,280	10,838,468	-13%	49%
BOXWOOD PROJECT	8,500,000	5,865,197	5,808,275	-1%	-46%
BOXWOOD PROJECT - STORMWATER	1,000,000	56,922	0	0%	0%
BOXWOOD PROJECT - ROADS	500,000	0	0	0%	0%

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R' 000					
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BOXWOOD PROJECT - SEWER	7,000,000	5,808,275	5,808,275	0%	-21%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST	5,000,000	750,030	750,030	0%	-567%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - STORMWATER	1,000,000	750,030	750,030	0%	-33%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - ROADS	1,400,000	0	0	0%	0%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - SANITATION	1,350,000	0	0	0%	0%
CNIP VICTIMS PROJECT: CAMBRIDGE WEST - WATER	1,250,000	0	0	0%	0%
REESTON PHASE 3 STAGE 3	200,000	0	0	0%	0%
REESTON PHASE 3 STAGE 3 - STORMWATER 10%	200,000	0	0	0%	0%
PHAKAMISA SOUTH	4,000,000	11,500,113	11,500,113	0%	65%
PHAKAMISA SOUTH - STORMWATER	2,000,000	4,739,359	4,739,359	0%	58%
PHAKAMISA SOUTH -ROADS	2,000,000	6,760,754	6,760,754	0%	70%
ILITHA 177	3,000,000	1,774,962	1,774,962	0%	-69%
ILITHA 177 - STORMWATER 10%	1,000,000	442,791	442,791	0%	-126%
ILITHA 177 - ROADS	500,000	482,998	482,998	0%	-4%
ILITHA 177 - SANITATION	1,000,000	594,787	594,787	0%	-68%
ILITHA 177 - WATER	500,000	254,386	254,386	0%	-97%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION	5,000,000	2,760,549	2,760,548	0%	-81%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION - STORMWATER 10%	1,000,000	252,390	252,390	0%	-296%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION- ROADS	1,500,000	635,279	635,279	0%	-136%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION- SANITATION	1,000,000	250,000	250,000	0%	-300%
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION- WATER	1,500,000	1,622,880	1,622,880	0%	8%
MZAMOMHLE: PEOPLES HOUSING PROCESS	5,000,000	16,632,377	15,725,038	-6%	68%
PARKHOMES FOR DESTITUTES & GBV VICTIMS	8,000,000	10,164,778	9,179,067	-11%	13%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	8,000,000	1,145,985	1,145,985	0%	-598%
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	11,000,000	8,266,802	8,266,802	0%	-33%
MDANTSANE ERF 81,87 &88 RELOCATION SITE UNITS	5,000,000	7,471,416	7,471,416	0%	33%
PARKHOMES FOR DESTITUTES & GBV VICTIMS	2,000,000	1,874,388	1,874,388	0%	-7%
MDANTSANE ERF 81,87 &88 RELOCATION SITE UNITS	5,000,000	6,823,595	6,823,595	0%	27%
LILLYVALE ROADS	5,000,000	19,331,015	19,331,015	0%	74%
LILLYVALE ROADS	5,000,000	2,168,268	2,168,268	0%	-131%
FYNBOSS RELOCATION SITE UNITS	500,000	366,094	0	0%	0%
HAVEN HILLS TRU	5,000,000	0	0	0%	0%
HEMINGWAYS INFORMAL SETTLEMENTS	1,000,000	896,978	896,979	0%	-11%
SILVERTOWN	1,000,000	0	0	0%	0%
KWT GOLF CLUB/ SWEETWATERS (NEW)	2,000,000	0	0	0%	0%
AMALINDA CO-OP	0	435,402	435,402	0%	100%
TEMPORARY RELOCATION UNIT (WEST BANK FARM 194)	0	7,309,021	7,309,021	0%	100%
MANYANO THEMBELIHLE ROADS & STORMWATER	0	178,894	178,894	0%	100%
TOTAL: HUMAN SETTLEMENTS	278,200,000	240,022,184	234,741,634	-2%	-19%
DIRECTORATE OF SPATIAL PLANNING AND DEVELOPMENT					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	160,697	160,697	0%	-211%
DEVELOPMENT PLANNING					
AERIAL PHOTOGRAPHY AND MAPPING	2,000,000	0	0	0%	0%
PLOTTERS	600,000	0	0	0%	0%
SURVEY EQUPMENT	400,000	583,333	583,333	0%	31%
UPGRADING OF KWT PAYMENTS HALL	5,000,000	0	0	0%	0%
ARCHITECTURAL SOFTWARE c/o	0	123,000	0	0%	0%
	8,000,000	706,333	583,333	-21%	-1271%
PROPERTY MANAGEMENT					
UPGRADING OF ABSA STADIUM FLOODLIGHTS		4,098,191	4,098,191	0%	100%
BUXTON, ELECTRICITY HOUSE AND RESERVE BANK REFURBISHMENT	1,000,000	1,416,667	1,349,997	-5%	26%
ORIENT THEATRE REFURBISHMENT	1,500,000	0	0	0%	0%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
SLEEPER SITE REFURBISHMENT	500,000	0	0	0%	0%
EAST LONDON MECHANICAL WORKSHOPS REFURBISHMENT	1,000,000	0	0	0%	0%
UPGRADING OF ELECTRICAL - OLD MUTUAL	1,000,000	0	0	0%	0%
LAND ACQUISITION & BUILDINGS	5,000,000	0	0	0%	0%
LAND ACQUISITION	15,000,000	3,315,982	2,575,290	-29%	-482%
	25,000,000	8,830,840	8,023,478	-10%	-212%
TRANSPORT PLANNING AND OPERATIONS					
BRIDGE DESIGNS & IMPLEMENTATION (Midlands)	11,034,470	0	0	0%	0%
GUARDRAILS (Midland)	0	273,797	273,797	0%	100%
GUARDRAILS (Inland)	0	68,268	68,268	0%	100%
SLEEPER SITE ROAD	15,000,000	35,950,380	34,853,985	-3%	57%
SLEEPER SITE ROAD	9,000,000	9,000,000	9,000,000	0%	0%
SIDEWALKS (Midland)	0	694,930	694,930	0%	100%
TRAFFIC CALMING (Coastal)	0	412,939	412,939	0%	100%
TRAFFIC CALMING (Midland)	0	825,285	825,285	0%	100%
TRAFFIC CALMING (Inland)	0	413,043	413,043	0%	100%
TRAFFIC SIGNALS	0	2,995,624	2,995,624	0%	100%
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	58,082,040	22,966,219	22,966,219	0%	-153%
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	5,000,000	0	0	0%	0%
TAXI RANK INFRAST (ROADS & ABLUTION FAC) (Coastal)	3,000,000	11,563,377	11,563,377	0%	74%
MDANTSANE ACCESS ROAD (Midlands)		321,204	321,204	0%	100%
	101,116,510	85,485,066	84,388,673	-1%	-20%
Urban & Rural Regeneration					
TOWNSHIP REGENERATION ENABLING INFRASTRUCTURE	2,000,000	0	0	0%	0%
	2,000,000	0	0	0%	0%
TOTAL: SPATIAL PLANNING & DEVELOPMENT	136,616,510	95,182,936	93,156,181	-2%	-47%
DIRECTORATE OF ECONOMIC DEVELOPMENT AND AGENCIES					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	213,913	148,541	-44%	-237%
UPGRADING OF BUILDINGS	1,000,000	0	0	0%	0%
UPGRADING OF MARKET HALL	8,000,000	5,233,954	5,165,022	-1%	-55%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
UPGRADING OF COLD ROOMS		180,400	180,400	0%	100%
IMPROVE ACCESS ROAD AND ROAD SIGNAGE	5,000,000	7,640,620	7,479,218	-2%	33%
KIWANE RESORT MAINTENANCE & UPGRADE	500,000	500,000	445,696	-12%	-12%
KIWANE RESORT PLANT AND EQUIPMENT		1,433,650	1,433,650	0%	100%
TOURISM HUB	700,000	100,000	0	0%	0%
INSTALLATION OF RECREATIONAL FACILITIES	1,000,000	0	0	0%	0%
FILM STUDIO DEVELOPMENT	1,300,000	0	0	0%	0%
EXTENSION OF MDANTSANE ART CENTRE	1,000,000	1,000,000	0	0%	0%
ART CENTRE	1,800,000	1,800,000	0	0%	0%
MDANTSANE ART CENTRE	5,000,000	0	0	0%	0%
REVITALISATION OF INDUSTRIAL AREAS	2,500,000	0	0	0%	0%
FORT JACKSON JUNCTION HUB	5,000,000	601,480	601,480	0%	-731%
SMME INCUBATOR: SEKUNJALO TRAINING CENTRE	3,000,000	0	0	0%	0%
SMME INCUBATOR	500,000	500,000	0	0%	0%
INFORMAL TRADE INFRASTRUCTURE (Hawker Stalls)	8,000,000	2,717,473	2,717,473	0%	-194%
HYDROPONICS AND PACKHOUSE PROJECT	4,300,000	385,973	0	0%	0%
AGRI-VILLAGE	10,000,000	3,579,430	3,644,320	2%	-174%
ART CENTRE c/o	0	1,000,000	0	0%	0%
FILM STUDIO DEVELOPMENT c/o	0	200,000	0	0%	0%
IMPROVE ACCESS ROAD AND ROAD SIGNAGE c/o	0	868,617	868,617	0%	100%
TOURISM HUB c/o	0	348,380	0	0%	0%
SMME INCUBATION HUB c/o	0	1,430,274	829,611	-72%	100%
TOTAL: ECONOMIC DEVELOPMENT & AGENCIES	59,100,000	29,734,164	23,514,028	-26%	-151%
DIRECTORATE OF PUBLIC SAFETY AND EMERGENCY SERVICES					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	445,000	132,032	-237%	-279%
TACTICAL RADIO NETWORK	1,500,000	269,285	269,285	0%	-457%
CONSTRUCTION OF NEW DISASTER MANAGEMENT CENTRE	10,000,000	0	0	0%	0%
REFURBISHMENT OF FIRE ENGINES	1,000,000	1,000,000	0	0%	0%
FIRE EQUIPMENT	500,000	200,000	0	0%	0%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
NEW FIRE STATION - BERLIN WARD 45	12,187,900	12,187,900	0	0%	0%
REFURBISHMENT OF FIRE STATIONS	2,000,000	2,000,000	1,299,400	-54%	-54%
FURNITURE & EQUIPMENT LAW ENFORCEMENT OFFICES	500,000	200,000	138,650	-44%	-261%
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	2,000,000	2,000,000	0	0%	0%
REFURBISHMENT OF TRAFFIC SERVICES / LAW ENFORCEMENT BUILDINGS	2,000,000	2,000,000	4,750	-42005%	-42005%
FIRE ENGINES PROCURED	0	7,600,000	5,368,689	-42%	100%
FIRE EQUIPMENT	0	257,320	257,320	0%	100%
REFURBISHMENT OF FIRE ENGINES	0	504,512	0	0%	0%
NEW FIRE STATION - BERLIN WARD 45	0	890,096	0	0%	0%
CLOSED CIRCUIT TELEVISION NETWORK - CCTV	0	2,000,000	0	0%	0%
LAW ENFORCEMENT VEHICLES	0	3,099,464	3,099,464	0%	100%
BACK-UP GENERATORS	0	3,500,000	0	0%	0%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	0	117,279	117,279	0%	100%
SPECIALISED VEHICLES PUBLIC SAFETY	0	2,324,598	2,324,598	0%	100%
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	0	1,279,176	216,417	-491%	100%
TOTAL CAPITAL BUDGET: PUBLIC SAFETY & EMERGENCY SERVICES	32,187,900	41,874,630	13,227,884	-217%	-143%
SPORTS, RECREATION & COMMUNITY DEVELOPMENT					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	493,885	493,796	0%	-1%
DEVELOPMENT, UPGRADE & REFURBISHMENT OF COMMUNITY HALLS & LIBRARIES					
DEVELOPMENT OF C/HALLS & FACILITIES	3,000,000	4,046,253	4,046,253	0%	26%
DEVELOPMENT UPGRADE AND REFURBISHMENT OF COMMUNITY HALLS	6,500,000	5,548,241	5,412,223	-3%	-20%
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	5,500,000	5,951,972	5,716,622	-4%	4%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DEVELOPMENT UPGRADE AND REFURBISHMENT OF LIBRARIES	0	167,826	167,826	0%	100%
HALLS-TOOLS AND EQUIPMENT	500,000	247,015	137,260	-80%	-264%
UPGR & REFURB EXIST C/HALLS & FACILITIES	2,000,000	1,840,780	1,671,780	-10%	-20%
NU 3 COMMUNITY HALL	4,000,000	1,997,262	1,997,262	0%	-100%
EGESINI COMMUNITY HALL	4,000,000	3,998,032	3,998,032	0%	0%
DEVELOPMENT, UPGRADE & REFURBISHMENT OF SPORTSFIELDS					
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	5,000,000	5,000,000	2,725,904	-83%	-83%
UPGRADING OF SPORTSFIELDS	5,500,000	5,715,478	5,715,478	0%	4%
BUILDING OF MEMORIAL STONES	1,000,000	971,767	971,767	0%	-3%
RESTORATION OF HERITAGE SITES	1,000,000	862,000	862,000	0%	-16%
UPGRADING OF ZOO					
UPGRADING OF ZOO	900,000	896,393	896,393	0%	0%
PLANT - ZOO	100,000	15,760	15,760	0%	-535%
REFURBISMENT OF AQUARIUM					
REFURBISMENT OF AQUARIUM	600,000	581,784	461,915	-26%	-30%
PLANT - AQUARIUM	100,000	96,662	91,250	-6%	-10%
SWIMMING POOLS					
PLANT - SWIMMING POOL	0	46,900	46,900	0%	100%
REFURBISHMENT OF SWIMMING POOLS	4,000,000	3,661,828	3,661,828	0%	-9%
BUILDING OF SWIMMING POOLS AT GONUBIE RESORT	0	617,653	617,653	0%	100%
REDEVELOPMENT OF MDANTSANE SPORT PRECINCT NU2 SWIMMING POOL	0	3,778,613	3,778,613	0%	100%
CONSTRUCTION OF OFFICES AT NAHOON CARAVAN PARK	0	455,463	455,463	0%	100%
GRASS CUTTING EQUIPMENT	500,000	587,959	587,959	0%	15%
DEVELOPMENT OF CEMETRIES					

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
PLANT AND EQUIPMENT (CEMETRIES)	500,000	510,388	510,388	0%	2%
COAST CEMETRIES (CAMBRIDGE CREMATORIUM) 2	500,000	238,580	176,943	-35%	-183%
DEVELOPMENT OF CEMETERIES-COASTAL	750,000	1,010,990	1,010,990	0%	26%
DEVELOPMENT OF CEMETERIES-INLAND	750,000	471,356	471,356	0%	-59%
DEVELOPMENT OF CEMETERIES-MIDLAND	750,000	722,337	553,326	-31%	-36%
INLAND CEMETRIES (KWT / CLUBVIEW)	500,000	499,000	499,000	0%	0%
INLAND CEMETRIES (PHAKAMISA)	500,000	490,884	490,884	0%	-2%
INLAND CEMETRIES (ZWELITSHA)	500,000	479,481	479,481	0%	-4%
MIDLANDS CEMETRIES (FORT JACKSON)	200,000	0	0	0%	0%
MIDLANDS CEMETRIES (MTSOTSO CEMETERY)	1,000,000	869,565	869,565	0%	-15%
FENCING OF CEMETERIES	3,000,000	1,923,386	1,923,386	0%	-56%
UPGRADING OF COMMUNITY PARKS					
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - COASTAL	1,000,000	1,000,000	159,885	-525%	-525%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - MIDLAND	1,000,000	0	0	0%	0%
UPGRADING AND DEVELOPMENT OF COMMUNITY PARKS - INLAND	1,000,000	0	0	0%	0%
ESTABLISHMENT OF RECREATIONAL PARKS	4,000,000	4,218,171	4,218,171	0%	5%
TOTAL CAPITAL BUDGET: SPORTS, RECREATION & COMMUNITY DEVELOPMENT	60,650,000	60,013,664	55,893,314	-7%	-9%
DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT					
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500,000	427,000	118,255	-261%	-323%
OFFICE FURN & EQUIPMENT (DIRECTORATE) c/o	0	171,038	171,038	0%	100%
BEACHES					
BEACHES	500,000	367,882	0	0%	0%
PLANT - BEACHES	0	150,000	150,000	0%	100%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
REFURBISHMENT & UPGRADING OF FACILITIES AT BEACHES	500,000	250,000	0	0%	0%
REVITILISATION OF BEACH INFRASTRUCTURE	5,500,000	5,963,808	5,440,758	-10%	-1%
BCM FLEET AND PLANT - FOR SOLID WASTE AND ENVIRONMENTAL MANAGEMENT	7,500,000	6,000,000	0	0%	0%
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	2,000,000	3,000,000	0	0%	0%
TRANSFER STATION					
CONSTRUCTION OF WASTE CELLS AT KWT LANDFILL SITE	6,300,000	16,533,147	16,481,937	0%	62%
DEVELOPMENT OF BEACH AND NATURE RESERVES INFRASTRUCTURE	500,000	497,726	497,726	0%	0%
CONSTRUCTION OF CELLS AND ANCILLARY WORKS IN THE LANDFILL SITES	1,000,000	797,202	797,202	0%	-25%
ESTABLISHMENT OF GARDEN TRANSFER STATIONS (MIDLAND)	4,350,000	4,740,097	4,740,097	0%	8%
ESTABLISHMENT OF GARDEN TRANSFER STATIONS (INLAND)	4,350,000	4,855,129	4,113,195	-18%	-6%
PURCHASE OF CAMBRIDGE DEPOT	5,000,000	0	0	0%	0%
GALVANISED STREET LITTER BINS	2,500,000	0	0	0%	0%
GRASS CUTTING EQUIPMENT	500,000	1,500,000	1,434,433	-5%	65%
GRASS CUTTING EQUIPMENT c/o	0	190,000	190,000	0%	100%
GUARDRAILS	0	229,770	229,770	0%	100%
CONSTRUCTION OF STAFF ACCOMODATION	0	300,000	0	0%	0%
REFURBISMENT OF NATURE RESERVES					
AIR MONITORING STATION	1,000,000	1,000,000	756,870	-32%	-32%
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BUSH CUTTERS, TRAILERS FOR RITE ON ETC) c/o	0	507,195	1,235,553	59%	100%

Capital Programme by Project: 2023/2024					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
GALVANISED STREET LITTER BINS c/o	0	6,525,000	6,525,000	0%	100%
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND c/o	0	3,000,000	0	0%	0%
AIR MONITORING STATION c/o	0	220,700	220,700	0%	100%
TOTAL CAPITAL BUDGET: DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT	42,000,000	57,225,694	43,102,532	-33%	3%
ASSET REPLACEMENTS - INSURANCE					
ASSET REPLACEMENTS - INSURANCE	10,000,000	727,875	651,916	-12%	-1434%
TOTAL BCMM CAPITAL PROJECTS	1,212,893,078	1,325,226,217	1,174,777,670	-13%	-3%
BCMDA PROJECTS					
ESPLANADE BEACHFRONT UPGRADE	5,000,000	5,000,000	4,652,562	-7%	-7%
EAST LONDON BEACHFRONT AND WATERWORLD (BCMDA)	0	8,398,667	5,132,317	-64%	100%
COMPUTER SOFTWARE	848,000	416,333	97,000	-329%	-774%
OFFICE FURN & EQUIPMENT (DIRECTORATE)	195,338	191,810	40,495	-374%	-382%
COMPUTER EQUIPMENT	389,888	200,000	103,116	-94%	-278%
TOTAL - BCMDA PROJECTS	6,433,226	14,206,810	10,025,490	-42%	36%
TOTAL CAPITAL PROGRAMME	1,219,326,304	1,339,433,027	1,184,803,160	-13%	-3%

APPENDIX O: CAPITAL PROGRAM BY PROJECT BY WARD: YEAR 2023/2024.

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
SANITATION / SEWERAGE		
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
EAST BEACH GRAVITY SEWER UPGRADE	1, 2, 3, 4, 6, 7, 8, 9, 16, 18, 19, 28, 47	No
RENEWAL OF INFRASTRUCTURE - RETICULATION, PUMP STATIONS & 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 DIMBAZA WASTEWATER TREATMENT WORKS	34, 36	No
DUCATS SANITATION	15	No
NEW WEST BANK WASTEWATER TREATMENT WORKS	19	No
UPGRADING OF BERLIN WASTEWATER TREATMENT WORKS	45	No
UPGRADING OF FIRST CREEK OUTFALL SEWER	11, 12, 14, 20, 21, 22, 23, 24, 30	No
UPGRADING OF SECOND CREEK OUTFALL SEWER	11, 12, 14, 20, 21, 22, 23, 24, 30	No
INSTALLATION OF NETWORK FLOW MONITORING INFRASTRUCTURE	ALL WARDS	No
REFURBISHMENT OF MDANTSANE NETWORK FLOOD DAMAGES	20,21,23,24	No
UPGRADING OF EAST BANK WASTEWATER TREATMENT WORKS	10	No
RENEWAL OF CENTRAL WASTEWATER TREATEMENT WORKS	ALL WARDS	No
RENEWAL OF SCHORNVILLE WASTEWATER TREATEMENT WORKS	39	No
UPGRADING OF NAHOON BULK OUTFALL SEWER	18	No
INSTALLATION OF GROUNDWATER MONITORING BOREHOLES FOR WASTEWATER TREATMENT WORKS	ALL WARDS	No
NEW KIDDS BEACH WASTEWATER TREATMENT WORKS	47	No
RENEWAL OF WESTBANK INVERTED SYPHON VALVES AND AUXILLIARY WORKS	47	No
DECOMMISIONING OF SLUDGE LAGOONS IN QUINERA WWTW	28	No
UPGRADING OF BUFFALO RIVER OUTFALL SEWER IN QONCE	37	No
UPGRADING OF DIMBAZA OUTFALL SEWER	36	No
UPGRADING OF MZONYANA OUTFALL SEWER	10	No

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
SECURITY UPGRADES TO WASTEWATER TREATMENT WORKS	ALL WARDS	No
SECURITY UPGRADES TO SEWERAGE PUMP STATION	ALL WARDS	No
SECURITY UPGRADES TO SEWERAGE PUMP STATION	ALL WARDS	No
WATER		
PURCHASE OF CRITICAL LABORATORY EQUIPMENT	ALL WARDS	No
KWT & BHISHO INFRASTRUCTURE	34,37,38,39,40,41,43,44,49,35	No
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 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 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	36,37,38	No
ALTERNATIVE WATER SUPPLY	ALL WARDS	No
RESERVOIRS EAST COAST SUPPLY	1-10, 15, 16, 18, 27, 28, 29, 31, 32, 33, 46, 47, 50	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	34,35,36,37,38,39,40,41,43,44,49,11,12,13,14,42,48,50,17,20,231,10,15,16,18,27,28,29,31,32,33,46,47,50	No
ELECTRICITY		
BULK ELEC INFRAS UPGR (RING-FENCED 4%)	7,9,8.10,13,1415,17,22,27,37,42,45,46,	No
ELECTRIFICATION PROGRAMME	ALL WARDS	No
ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM	ALL WARDS	No
STREETLIGHT & 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
ROADS		
BOWLS ROAD REHABILITATIONN - WARD 3	3	No
CONSTRUCTION OF ROAD INFRASTRUCTURE - TOYANA ROAD	14	No

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
REHABILIT OF BCMM BRIDGES AND STORMWATER	ALL WARDS	No
REHABILITATION OF BEACONHURST DRIVE	28	No
ROADS PROVISION	1,2,3,4,5,6,7,8,9,12,13,16,18,19, 20,22,25,26,27,28,29,31,32,34,3 5,36,39,41,43,44,45,47,50	No
ROADS PROVISION	1-50	No
RURAL ROADS - WARD 37	37	No
RURAL ROADS	17,22,24,25,26,31,32,33,34,35,3 6,38,40,43,50	No
UPGRADING OF MDANTSANE ROADS - CLUSTER 1	11,12,14,17,42	No
UPGRADING OF MDANTSANE ROADS - CLUSTER 2	11,17,20,30,48	No
UPGRADING OF MDANTSANE ROADS - CLUSTER 3	20,21,23,24	No
UPGRADE OF NORTHEAST EXPRESSWAY	18	No
URBAN ROADS - WARD 37	37	No
URBAN ROADS - WARD 39	39	No
GONUBIE INTERNAL ROADS REHABILITATION	18	No
GONUBIE INTERNAL ROADS REHABILITATION	18	No
BEACON BAY- GONUBIE LINK ROAD	18	No
HOUSING		
AMALINDA 179 MILITARY VETERANS	9, 16	No
DIMBAZA SHUTER HOUSES: DETAILED INFRASTRUCTURE INVESTIGATION	34	No
PHAKAMISA SOUTH	25	No
ILITHA 177	45	No
REESTON PHASE 3 STAGE 2	13	No
POTSDAM IKHWEZI BLOCK 1	24	No
POTSDAM IKHWEZI BLOCK 2	24	No
POTSDAM NORTH KANANA	24	No
DUNCAN VILLAGE PROPER	1, 6	No
MDANTSANE Z 18 CC PHASE 2	23	No
CLUSTER 1	12,14,17	No
CLUSTER 2	11,17,20,21,30,48	No
CLUSTER 3	1, 6	No
DUNCAN VILL COMP/SITE	1, 6	No
BRAELYN EXT 10	9;10	No
TYUTYU PHASE 3	43	No
WESTBANK RESTITUTION	19	No
C SECTION AND TRIANGULAR SITE	7	No
D HOSTEL	2	No
FORD MSIMANGO	6	No
N2 ROAD RESERVE	8	No
HANI PARK - WATER	11	No
HLALANI - WATER	11	No
PHOLA PARK - WATER	34	No
BERLIN LINGELITSHA - PHASE 1 - WATER	45	No
ILITHA SPORTSFIELD - WATER	45	No
EMPILISWENI - WATER	20	No
MATSHENI PARK - WATER	29	No
KHAYELITSHA - WATER	24	No
XHWITINJA - WATER	36	No

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
KWATSHATUSHU - WATER	44	No
GINSBERG - WATER	39	No
SLOVO PARK - WATER	42	No
EKUPHUMLENI - WATER	42	No
ETHEMBENI - WATER	11	No
EAST BANK RESTITUTION - WATER	10	No
REESTON PHASE 2 STAGE 3 -(KHAYELITSHA INTERNAL ROADS	13	No
KAISERS BEACH INTERNAL ROADS	32	No
BREIDBACH SERVICES PROJECT	44	No
MANYANO THEMBELIHLE RD & STORMWATER	30	No
STONEY DRIFT TRA	9	No
NOMPUMELELO TRA	15	No
PIKINIKINI TRA	50	No
MZAMOMHLE ROADS	27	No
NONDULA-WATER	12	No
SUNNY SOUTH ROADS	31	No
GQOZO VILLAGE	12	No
BOXWOOD PROJECT - SEWER	31	No
CNIP VICTIMS PROJECT: CAMBRIDGE WEST	4	No
MZAMOMHLE: PEOPLES HOUSING PROCESS	27	No
PARKHOMES FOR DESTITUTES & GBV VICTIMS	27	No
ZIPHUNZANA BYPASS RELOCATION SITE (TRAs)	1	No
MDANTSANE ERF 81,87 &88 RELOCATION SITE UNITS	23	No
FYNBOSS RELOCATION SITE UNITS	8	No
HEMINGWAYS INFORMAL SETTLEMENTS	1	No
SILVERTOWN	1	No
KWT GOLF CLUB/ SWEETWATERS (NEW)	44	No
ECONOMIC DEVELOPMENT		
UPGRADING OF BUILDINGS	ALL WARDS	No
UPGRADING OF MARKET HALL	4	No
KIWANE RESORT MAINTENANCE & UPGRADE	32	No
TOURISM HUB	41	No
CONSTRUCTION OF CABIN ACCOMMODATION	32	No
INSTALLATION OF RECREATIONAL FACILITIES	32	No
FILM STUDIO DEVELOPMENT	ALL WARDS	No
EXTENSION OF MDANTSANE ART CENTRE	42	No
ART CENTRE	37	No
MDANTSANE ART CENTRE	42	No
REVITALISATION OF INDUSTRIAL AREAS	36,24,5	No
FORT JACKSON JUNCTION HUB	24	No
SMME INCUBATOR: SEKUNJALO TRAINING CENTRE	33	No
SMME INCUBATOR	ALL WARDS	No
INFORMAL TRADE INFRASTRUCTURE (Hawker Stalls)	ALL WARDS	No
HYDROPONICS AND PACKHOUSE PROJECT	ALL WARDS	No
AGRI-VILLAGE	ALL WARDS	No
SPATIAL & DEVELOPMENT PLANNING		

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
AERIAL PHOTOGRAPHY AND MAPPING	47	No
PLOTTERS	47	No
SURVEY EQUPMENT	47	No
ORIENT THEATRE REFURBISHMENT	47	No
SLEEPER SITE REFURBISHMENT	47	No
UPGRADING OF KWT PAYMENTS HALL	37	No
LAND ACQUISITION	ALL WARDS	No
BRIDGE DESIGNS & IMPLEMENTATION	14,48	No
GUARDRAILS	18,21,3,25,39,41	No
SLEEPER SITE ROAD	47	No
GUIDANCE SIGNAGE	47	No
SIDEWALKS	12, 16, 25, 41	No
TRAFFIC CALMING	2,9,10,12,21,30,25,39,41,44	No
TRAFFIC SIGNALS	5, 9	No
QUMZA HIGHWAY PHASE 7 - PHASE 1 & 2	21, 20,48	No
TAXI RANK INFRAST (ROADS & ABLUTION FACILITIES)	20, 37,47	No
TAXI/BUS EMBAYMENTS	20, 27, 44	No
NORTHWEST CORRIDOR	16	No
MDANTSANE ACCESS ROADS - MIDLAND	ALL WARDS	No
SPORT ARTS & CULTURE		
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	ALL WARDS	No
DEVELOPMENT, UPGRADE AND REFURBISHMENT OF SPORTS FIELDS AND STADIUMS	ALL WARDS	No
UPGRADING OF SPORTSFIELDS	ALL WARDS	No
UPGRADING OF TENNIS COURTS	ALL WARDS	No
UPGRADING OF CEMETRIES		
DEVELOPMENT OF CEMETRIES	4,5,10,13,19,43,44,24,13,37,25,41,24,14	No
SWIMMING POOLS		
PLANT - SWIMMING POOL	ALL WARDS	No
REFURBISHMENT OF SWIMMING POOLS	ALL WARDS	No
COMMUNITY HALLS		
DEVELOPMENT OF C/HALLS & FACILITIES	ALL WARDS	No
DEVELOPMENT UPGRADE AND REFURBISHMENT OF COMMUNITY HALLS	ALL WARDS	No
UPGRADING OF DEPOTS		
NU 6 MDANTSANE DEPOT	20	No
BERLIN DEPOT	45	No
HEALTH		
AIR MONITORING STATION	ALL WARDS	No
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND	ALL WARDS	No

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
SAFETY & SECURITY		
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
SOLID WASTE PROGRAMME		
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	No
INSTALLATION OF ALTERNATIVE ENERGY SYSTEM	ALL WARDS	No
BEACHES	47	No
PLANT - BEACHES	47	No
REVITILISATION OF BEACH INFRASTRUCTURE	18,19,28,29,31,32, 46,50	No
BCM FLEET AND PLANT - FOR SOLID WASTE AND ENVIRONMENTAL MANAGEMENT	ALL WARDS	No
PURCHASE OF BULK CONTAINERS WITH REMOVAL VEHICLES	ALL WARDS	No
ACQUISITION OF REFUSE COMPACTOR TRUCKS	ALL WARDS	No
ACQUISITION OF LDV'S AND 4 TON TRUCK	ALL WARDS	No
ACQUISITION OF REFUSE COMPACTOR TRUCKS	ALL WARDS	No
REFURBISHMENT OF TRANSFER STATIONS	27 & 28	No
CONSTRUCTION OF WASTE CELLS AT KWT LANDFILL SITE	35	No
DEVELOPMENT OF BEACH AND NATURE RESERVES INFRASTRUCTURE	18,19,28,29,31,32, 46,50	No
CONSTRUCTION OF CELLS AND ANCILLARY WORKS IN THE LANDFILL SITES	45	No
INSTALLAT OF LINERS ON CELL 5 AND CELL 6	45	No
CONSTRUCT CELL 5 & 6 AT ROUNDHILL LANDFILL SITE	45	No
UPGRADING OF GARDEN TRANSFER STATIONS (COASTAL)	28	No
ESTABLISHMENT OF GARDEN TRANSFER STATIONS	ALL WARDS	No
ESTABLISHMENT OF GARDEN TRANSFER STATIONS (MIDLAND)	14	No
ESTABLISHMENT OF GARDEN TRANSFER STATIONS (INLAND)	37	No
CONSTRUCTION OF TRANSFER STATIONS/ESTABLISHMENT OF BUY BACK CENTRES	45	No
PURCHASE OF CAMBRIDGE DEPOT	4	No

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
GALVANISED STREET LITTER BINS	ALL WARDS	No
DEVELOP WASTE TO ENERGY PROJECTS	45	No
REFURBISHMENT OF WASTE MANAGEMENT FACILITIES	45	No
ACQUISITION OF CHIPPING MACHINES FOR GARDEN TRANSFER STATION	45	No
ACQUISITION OF PLANT & MACHINERY FOR LANDFILL SITES AND GARDEN TRANSFER STATIONS	45	No
FENCING OF SWEM OFFICE COMPLEX AND CONSTRUCTION OF GUARD HOUSE	47	No
REFURBISHMENT OF SW&EM OFFICES	ALL WARDS	No
GRASS CUTTING EQUIPMENT	ALL WARDS	No
REFURBISMENT OF NATURE RESERVE(BOARDWALKS)	47	No
PLANT - NATURE RESERVE	47	No
PURCHASE OF TOOLS AND EQUIPMENT FOR MHS	47	No
ACQUISITION OF PARKHOMES FOR NU6 DEPOT (CHANGE ROOMS)	ALL WARDS	No
AIR MONITORING STATION	ALL WARDS	No
REFURBISHMENT OF NU 6 MDANTSANE OFFICES FOR MUNICIPAL HEALTH SERVICES MIDLAND	ALL WARDS	No
ACQUISITION OF FLEET (CHERRY PICKER TRUCKS, CREW CAGE TRUCK, TIPPER TRUCK, TRACTORS, BUSH CUTTERS, TRAILERS FOR RITE ON ETC)	ALL WARDS	No
CITY MANAGER'S OFFICE		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
OFFICE FURNITURE AND EQUIPMENT-EPMO	ALL WARDS	Yes
FINANCE		
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
OFFICE FURN & EQUIPMENT (DIRECTORATE)	ALL WARDS	Yes
SMART METERING SOLUTIONS (ELECTRICITY)	ALL WARDS	No
SMART METERING WATER SOLUTIONS	ALL WARDS	No
SMART METERING ELECTRICITY SOLUTIONS	ALL WARDS	No
ACQUIRE ERP SYSTEM (ASSET MANAGEMENT SYSTEM, PROCUREMENT SYSTEM, etc)	ALL WARDS	No
DIGITISATION ENHANCEMENT AND OPTIMISATION OF E-PROCUREMENT SOFTWARE SOLUTION	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
ERP SYSTEM (ASSET MANAGEMENT SYSTEM)	ALL WARDS	No
CONSTRUCTION OF OFFICE ACCOMODATION - CUSTOMER CARE OFFICE-MIDLAND	ALL WARDS	No
COST REFLECTIVE TARIFFS	ALL WARDS	No
CORPORATE SERVICES		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	No
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM	ALL WARDS	No
PAY DAY ELECTRONIC ATTENDANCE SYSTEM FOR BCMM	ALL WARDS	No

Capital Programme by Project by Ward: Year 2024/25		
R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
ICT SERVICES		
FIBRE NETWORK	ALL WARDS	No
LTE INFRASTRUCTURE	ALL WARDS	No
DISASTER RECOVERY ENHANCEMENT	ALL WARDS	No
PROCUREMENT OF ICT EQUIPMENT	ALL WARDS	No
WI-FI	ALL WARDS	No
EXECUTIVE SUPPORT		
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	ALL WARDS	No
FLEET		
BCM FLEET PLANT SPECIALISED EQUIPMENT & SOLID WASTE VEHICLES	ALL WARDS	No
T O		

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.

Not applicable to BCMM

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE DELIVERY.

Not applicable to BCMM

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALTY.

BCMM did not take loans during the year under review.

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71.

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT.

[i] www.buffalocity.gov.za

BCMM CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Local Government
Jurisdiction	The demarcation board has determined that Buffalo City Metropolitan Municipality (BUF) includes the towns of East London, Bhisho, Qonce, Ntabozuko as well as the townships of Mdantsane, Gompo, Zwelitsha, Dimbaza, Phakamisa, Ndevana, Ilitha, Ginsberg and the surrounding rural areas.
Mayoral committee	
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 Y. Tyali - Infrastructure Services
	Councillor G. Lottering - Sports, Recreation and Community Development
	Councillor C. Yekiso-Morolong - Solid Waste and Environmental Management
Grading of local authority	Grade 6 Municipality
City Manager / Accounting Officer	Mr. M. Yawa
Acting Chief Financial Officer (ACFO)	Mr. V. Pillay
Business address	Trust Centre Oxford Street East London 5201
Postal address	PO Box 134 East London 5200
Bankers	Standard Bank
Auditors	Auditor General of South Africa
Members of the Audit Committee	Mr. Z. Luswazi (Chairperson) - appointment 04 February 2024 Mr. B. Khohliso (Member) - appointment 04 February 2024 Mr. W. Mushohwe (Member) - appointment 04 February 2024 Ms. F.J. Mudau (Member) - appointment 04 February 2024 Rev. N.V. Madyibi (Member) - appointment 04 February 2024 Adv. M.G. Mello (Member) - appointment 04 February 2024 Mr. G. Son (Member) - appointment 04 February 2024
Legislation Governing the Municipality	The Constitution of the Republic of South Africa, 1996 The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) Municipal Fiscal Powers and Functions Act, 2007 (Act 12 of 2007) Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998) Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) Division of Revenue Act (Act 1 of 2007) Framework envisaged in section 219 of the Constitution of South Africa

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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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
BCMET	Buffalo City Metropolitan
BCMM	Buffalo City Metropolitan Municipality
COID	Compensation for Occupational Injuries and Diseases
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
GTAC	Government Technical Advisory Centre
HDA	Housing Development Agency
KWT	King William's Town
mSCOA	Municpal Standard Chart of Accounts
MFMA	Municipal Finance Management Act
MEC	Member of Executive Council
MIG	Municipal Infrastructure Grant
NT	National Treasury
PAYE	Pay As You Earn
SARS	South African Revenue Service
SDL	Skills Development Levy
VAT	Value-Added Tax

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the audited consolidated annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited consolidated annual financial statements and 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 accounting officer 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 2025 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 - 123, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2024.

Acting Accounting Officer
Mr. M. Yawa

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Assets					
Current Assets					
Inventories	8	69 398 396	50 846 397	69 346 670	50 806 436
Receivables from non-exchange transactions	9&11	1 197 137 575	872 470 012	1 197 137 575	872 470 012
Receivables from exchange transactions	10&11	2 145 176 988	1 944 270 909	2 143 721 959	1 949 381 200
Cash and cash equivalents	12	720 986 557	679 974 997	683 762 515	659 988 423
		4 132 699 516	**3 547 562 315**	**4 093 968 719**	**3 532 646 071**
Non-Current Assets					
Investment property	3	484 115 274	460 961 600	484 115 274	460 961 600
Property, plant and equipment	4	30 442 362 243	25 703 943 743	30 441 340 762	25 702 740 551
Intangible assets	5	7 247 129	9 042 729	6 763 780	8 305 760
Heritage assets	6	54 060 071	53 177 292	54 060 071	53 177 292
Investments in controlled entities	7	-	-	100	100
Investments in associates	7	726 924 658	686 174 352	726 924 658	686 174 352
		31 714 709 375	**26 913 299 716**	**31 713 204 645**	**26 911 359 655**
Total Assets		**35 847 408 891**	**30 460 862 031**	**35 807 173 364**	**30 444 005 726**
Liabilities					
Current Liabilities					
Operating lease liability	14	152 657	89 315	-	-
Employee benefit obligation	15	66 698 000	59 370 000	66 698 000	59 370 000
Unspent conditional grants and receipts	16	289 600 698	255 178 690	277 377 862	253 824 888
Borrowings	17	28 813 896	30 246 178	28 813 896	30 246 178
Finance lease obligation	18	157 612	-	-	-
Provisions	19	384 931 441	387 194 459	382 874 147	386 208 154
Trade payables from exchange transactions	20	1 754 175 779	1 840 676 601	1 742 475 843	1 833 123 999
Consumer deposits	21	87 137 643	83 616 487	87 137 643	83 616 487
		2 611 667 726	**2 656 371 730**	**2 585 377 391**	**2 646 389 706**
Non-Current Liabilities					
Employee benefit obligation	15	770 563 000	715 349 000	770 563 000	715 349 000
Borrowings	17	79 793 735	108 607 630	79 793 735	108 607 630
Finance lease obligation	18	55 669	-	-	-
Provisions	19	111 144 162	89 746 342	111 144 162	89 746 342
		961 556 566	**913 702 972**	**961 500 897**	**913 702 972**
Total Liabilities		**3 573 224 292**	**3 570 074 702**	**3 546 878 288**	**3 560 092 678**
Net Assets		**32 274 184 599**	**26 890 787 329**	**32 260 295 076**	**26 883 913 048**
Reserves					
Revaluation reserve	13	21 664 108 227	16 454 472 359	21 664 108 227	16 454 472 359
Accumulated surplus		10 610 076 372	10 436 314 970	10 596 186 849	10 429 440 689
Total Net Assets		**32 274 184 599**	**26 890 787 329**	**32 260 295 076**	**26 883 913 048**

* See Note 56

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	25	4 333 828 824	3 627 140 895	4 333 828 824	3 627 140 895
Rental of facilities and equipment	26	23 226 131	24 500 929	23 136 005	24 500 929
Construction contracts	27	91 712 399	88 113 517	91 712 399	88 113 517
Agency services	28	18 764 272	21 870 747	18 764 272	21 870 747
Other revenue (exchange)	29	83 056 771	75 330 491	83 056 471	74 995 184
Interest received	30	328 377 833	247 427 353	326 691 825	246 310 345
Total revenue from exchange transactions		**4 878 966 230**	**4 084 383 932**	**4 877 189 796**	**4 082 931 617**
Revenue from non-exchange transactions					
Property rates	31	2 127 633 956	1 784 853 533	2 127 633 956	1 784 853 533
Licences and Permits (non-exchange)	32	13 697 831	12 216 036	13 697 831	12 216 036
Interest (non-exchange)	33	112 362 090	85 675 639	112 362 090	85 675 639
Government grants & subsidies	34	2 130 198 037	1 936 173 537	2 122 290 044	1 925 040 153
Other revenue (non-exchange)	35	97 920 061	86 302 838	97 920 061	86 302 838
Public contributions and donations	24	22 409 060	4 160 425	22 409 060	4 160 425
Fines	24	65 437 669	65 631 493	65 437 669	65 631 493
Fuel levy	24	741 926 000	719 203 000	741 926 000	719 203 000
Total revenue from non-exchange transactions		**5 311 584 704**	**4 694 216 501**	**5 303 676 711**	**4 683 083 117**
Total revenue	24	**10 190 550 934**	**8 778 600 433**	**10 180 866 507**	**8 766 014 734**
Expenditure					
Employee related costs	36	(2 701 208 808)	(2 443 914 499)	(2 657 488 049)	(2 399 776 737)
Remuneration of councillors/directors	37	(70 959 578)	(71 599 607)	(68 967 377)	(69 129 084)
Inventory consumed	38	(336 956 044)	(350 866 010)	(336 923 273)	(350 829 952)
Depreciation and amortisation	39	(1 891 872 716)	(1 896 595 914)	(1 890 789 288)	(1 895 766 455)
Finance costs	40	(46 210 625)	(48 316 216)	(46 183 512)	(48 316 033)
Debt Impairment	42	(1 336 717 876)	(956 485 680)	(1 336 717 876)	(956 485 680)
Bulk purchases	43	(2 252 355 443)	(1 912 233 731)	(2 252 355 443)	(1 912 233 731)
Repairs and maintenance	44	(485 105 498)	(523 187 632)	(485 086 358)	(523 167 590)
Contracted services	45	(385 191 318)	(372 297 706)	(376 508 551)	(355 933 521)
Grants and subsidies paid	46	(71 316 468)	(91 955 485)	(131 530 965)	(137 494 884)
General expenses	47	(632 320 632)	(587 393 175)	(624 982 088)	(576 821 339)
Total expenditure		**(10 210 215 006)**	**(9 254 845 655)**	**(10 207 532 780)**	**(9 225 955 006)**
Operating deficit		**(19 664 072)**	**(476 245 222)**	**(26 666 273)**	**(459 940 272)**
Net gain/(loss) on derecognition of assets	4	(351 670 867)	2 612 915	(351 672 161)	2 591 325
Inventories losses/write-downs	52	(148 218 824)	(143 613 837)	(148 230 590)	(143 591 411)
Fair value adjustments	48	23 153 674	9 064 100	23 153 674	9 064 100
Impairment loss		-	(26 356)	-	-
Share of surpluses or (deficits) from associates	7	40 750 306	(20 142 918)	40 750 306	(20 142 918)
		(435 985 711)	**(152 106 096)**	**(435 998 771)**	**(152 078 904)**
Deficit for the year		**(455 649 783)**	**(628 351 318)**	**(462 665 044)**	**(612 019 176)**

* See Note 56

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Economic entity			
Opening balance as previously reported	14 709 129 236	10 909 689 314	25 618 818 550
Adjustments			
Prior year adjustments (note 56)	893 485 289	154 976 974	1 048 462 263
Balance at 01 July 2022 as restated*	**15 602 614 525**	**11 064 666 288**	**26 667 280 813**
Changes in net assets			
(Deficit) for the year	-	(628 351 318)	(628 351 318)
Revaluation	851 857 834	-	851 857 834
Total changes	851 857 834	(628 351 318)	223 506 516
Restated* Balance at 01 July 2023	**16 454 472 359**	**10 436 314 970**	**26 890 787 329**
Changes in net assets			
(Deficit) for the year	-	(455 649 783)	(455 649 783)
Revaluation	5 839 047 053	-	5 839 047 053
Adjustment on derecognition of assets	(629 411 185)	629 411 185	-
Total changes	5 209 635 868	173 761 402	5 383 397 270
Balance at 30 June 2024	**21 664 108 227**	**10 610 076 372**	**32 274 184 599**
Note(s)	13	56	
Controlling entity			
Opening balance as previously reported	14 709 129 236	10 894 245 857	25 603 375 093
Adjustments			
Prior year adjustments (note 56)	893 485 289	147 214 008	1 040 699 297
Balance at 01 July 2022 as restated*	**15 602 614 525**	**11 041 459 865**	**26 644 074 390**
Changes in net assets			
(Deficit) for the year	-	(612 019 176)	(612 019 176)
Revaluation	851 857 834	-	851 857 834
Total changes	851 857 834	(612 019 176)	239 838 658
Restated* Balance at 01 July 2023	**16 454 472 359**	**10 429 440 708**	**26 883 913 067**
Changes in net assets			
(Deficit) for the year	-	(462 665 044)	(462 665 044)
Revaluation	5 839 047 053	-	5 839 047 053
Adjustment on derecognition of assets	(629 411 185)	629 411 185	-
Total changes	5 209 635 868	166 746 141	5 376 382 009
Balance at 30 June 2024	**21 664 108 227**	**10 596 186 849**	**32 260 295 076**
Note(s)	13	56	

* See Note 56

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity 2024	Economic entity 2023 Restated*	Controlling entity 2024	Controlling entity 2023 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services	69	5 757 321 456	5 411 690 077	5 763 796 350	5 400 063 055
Government grants and subsidies	69	2 164 620 045	1 907 866 885	2 145 843 018	1 904 559 501
Interest income	33&30	440 739 923	333 102 992	439 053 915	331 985 984
		8 362 681 424	7 652 659 954	8 348 693 283	7 636 608 540
Payments					
Employee costs & Councillors remuneration	69	(2 702 089 343)	(2 597 420 119)	(2 657 447 372)	(2 550 161 062)
Suppliers and other payments	69	(4 508 825 705)	(3 587 570 478)	(4 557 177 638)	(3 618 797 862)
Finance costs	40	(11 564 956)	(16 075 060)	(11 564 956)	(16 074 877)
		(7 222 480 004)	(6 201 065 657)	(7 226 189 966)	(6 185 033 801)
Net cash flows from operating activities	50	**1 140 201 420**	**1 451 594 297**	**1 122 503 317**	**1 451 574 739**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 067 782 822)	(1 434 028 610)	(1 067 303 048)	(1 433 762 644)
Proceeds from sale of property, plant and equipment	4	30 434	14 847 204	-	14 825 614
Purchase of other intangible assets	5	(197 463)	(423 146)	-	(201 202)
Purchase of heritage assets	6	(1 180 000)	(331 000)	(1 180 000)	(331 000)
Net cash flows from investing activities		**(1 069 129 851)**	**(1 419 935 552)**	**(1 068 483 048)**	**(1 419 469 232)**
Cash flows from financing activities					
Repayment of borrowings	17	(30 246 177)	(49 140 563)	(30 246 177)	(49 140 563)
Movement in finance lease obligation	18	186 168	-	-	-
Net cash flows from financing activities		**(30 060 009)**	**(49 140 563)**	**(30 246 177)**	**(49 140 563)**
Net increase/(decrease) in cash and cash equivalents		**41 011 560**	**(17 481 818)**	**23 774 092**	**(17 035 056)**
Cash and cash equivalents at the beginning of the year		679 974 997	697 456 815	659 988 423	677 023 479
Cash and cash equivalents at the end of the year	12	**720 986 557**	**679 974 997**	**683 762 515**	**659 988 423**

* See Note 56

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
Economic entity - 2024											
Financial Performance											
Property rates	2 208 577 405	-	2 208 577 405	-		2 208 577 405	2 127 633 956		(80 943 449)	96 %	
Service charges	4 446 988 027	(59 155 955)	4 387 832 072	-		4 387 832 072	4 333 828 824		(54 003 248)	99 %	
Investment revenue	24 054 418	14 658 895	38 713 313	-		38 713 313	51 629 981		12 916 668	133 %	N1
Transfers recognised - operational	1 463 862 078	29 637 624	1 493 499 702	-		1 493 499 702	1 351 977 509		(141 522 193)	91 %	
Other own revenue	1 272 075 012	(14 366 011)	1 257 709 001	-		1 257 709 001	1 549 166 060		291 457 059	123 %	N2
Total revenue (excluding capital transfers and contributions)	**9 415 556 940**	**(29 225 447)**	**9 386 331 493**	**-**		**9 386 331 493**	**9 414 236 330**		**27 904 837**	**100 %**	
Employee costs	(2 884 447 506)	113 611 685	(2 770 835 821)	-	-	(2 770 835 821)	(2 736 129 258)	-	34 706 563	99 %	
Remuneration of councillors	(74 057 054)	5 089 675	(68 967 379)	-	-	(68 967 379)	(68 967 378)	-	1	100 %	
Debt impairment	(1 328 916 502)	(154 974 394)	(1 483 890 896)			(1 483 890 896)	(1 336 717 876)	-	147 173 020	90 %	
Depreciation and asset impairment	(1 903 201 535)	(211 351)	(1 903 412 886)			(1 903 412 886)	(1 891 872 716)	-	11 540 170	99 %	
Finance charges	(13 567 183)	(24 885)	(13 592 068)	-	-	(13 592 068)	(46 210 625)	(32 618 557)	(32 618 557)	340 %	N3
Materials and bulk purchases	(2 798 807 982)	161 051 396	(2 637 756 586)	-	-	(2 637 756 586)	(2 563 563 432)	-	74 193 154	97 %	
Transfers and grants	(154 110 060)	13 541 179	(140 568 881)	-	-	(140 568 881)	(131 530 965)	-	9 037 916	94 %	
Other expenditure	(1 541 816 080)	(118 836 559)	(1 660 652 639)	-	-	(1 660 652 639)	(1 996 488 252)	(335 835 592)	(335 835 613)	120 %	N4
Total expenditure	**(10 698 923 902)**	**19 246 746**	**(10 679 677 156)**	**-**	**-**	**(10 679 677 156)**	**(10 771 480 502)**	**(368 454 149)**	**(91 803 346)**	**101 %**	
Surplus/(Deficit)	**(1 283 366 962)**	**(9 978 701)**	**(1 293 345 663)**	**-**		**(1 293 345 663)**	**(1 357 244 172)**		**(63 898 509)**	**105 %**	

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	759 472 300	92 525 267	851 997 567	-		851 997 567	838 435 023		(13 562 544)	98 %	
Contributions recognised - capital and contributed assets	-	-	-	-		-	22 409 060		22 409 060		N5
Surplus (Deficit) after capital transfers and contributions	**(523 894 662)**	**82 546 566**	**(441 348 096)**	**-**		**(441 348 096)**	**(496 400 089)**		**(55 051 993)**	**112 %**	
Share of surplus (deficit) of associate	-	-	-	-		-	40 750 306		40 750 306		N7
Surplus/(Deficit) for the year	**(523 894 662)**	**82 546 566**	**(441 348 096)**	**-**		**(441 348 096)**	**(455 649 783)**		**(95 802 299)**	**103 %**	N6
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	759 472 300	92 525 267	851 997 567	-		851 997 567	838 435 023		(13 562 544)	98 %	
Internally generated funds	459 854 004	27 581 457	487 435 461	-		487 435 461	346 368 137		(141 067 324)	71 %	N8
Total sources of capital funds	**1 219 326 304**	**120 106 724**	**1 339 433 028**	**-**		**1 339 433 028**	**1 184 803 160**		**(154 629 868)**	**88 %**	
Financial position											
Total current assets	3 592 822 489	1 898 846 571	5 491 669 060	-		5 491 669 060	4 132 699 516		(1 358 969 544)	75 %	N9
Total non-current assets	25 874 154 604	254 566 150	26 128 720 754	-		26 128 720 754	31 714 709 375		5 585 988 621	121 %	
Total current liabilities	(2 204 106 662)	(2 132 043 019)	(4 336 149 681)	-		(4 336 149 681)	(2 611 667 726)		1 724 481 955	60 %	N10
Total non-current liabilities	(1 061 162 928)	98 430 617	(962 732 311)	-		(962 732 311)	(961 556 566)		1 175 745	100 %	
Community wealth/Equity	**26 201 707 503**	**119 800 319**	**26 321 507 822**	**-**		**26 321 507 822**	**32 274 184 599**		**5 952 676 777**	**123 %**	

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
Cash flows											
Net cash from (used) operating	1 146 286 359	298 473 678	1 444 760 037	-		1 444 760 037	1 140 201 420		(304 558 617)	79 %	N11
Net cash from (used) investing	(1 219 326 304)	(105 137 965)	(1 324 464 269)	-		(1 324 464 269)	(1 069 129 851)		255 334 418	81 %	N12
Net cash from (used) financing	(43 135 989)	7 071 404	(36 064 585)	-		(36 064 585)	(30 060 009)		6 004 576	83 %	N13
Net increase/(decrease) in cash and cash equivalents	**(116 175 934)**	**200 407 117**	**84 231 183**	**-**		**84 231 183**	**41 011 560**		**(43 219 623)**	**49 %**	
Cash and cash equivalents at the beginning of the year	808 648 251	(128 673 255)	679 974 996	-		679 974 996	679 974 997		1	100 %	
Cash and cash equivalents at year end	**692 472 317**	**71 733 862**	**764 206 179**	**-**		**764 206 179**	**720 986 557**		**(43 219 622)**	**94 %**	N14

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
Controlling entity - 2024											
Financial Performance											
Property rates	2 208 577 405	-	2 208 577 405	-		2 208 577 405	2 127 633 955		(80 943 450)	96 %	
Service charges	4 446 988 027	(59 155 955)	4 387 832 072	-		4 387 832 072	4 332 572 840		(55 259 232)	99 %	
Investment revenue	23 027 305	14 000 000	37 027 305	-		37 027 305	49 943 972		12 916 667	135 %	N1
Transfers recognised - operational	1 284 627 700	(5 257 541)	1 279 370 159	-		1 279 370 159	1 283 855 019		4 484 860	100 %	
Other own revenue	1 271 675 012	(15 141 849)	1 256 533 163	-		1 256 533 163	1 456 580 443		200 047 280	116 %	N2
Total revenue (excluding capital transfers and contributions)	**9 234 895 449**	**(65 555 345)**	**9 169 340 104**	**-**		**9 169 340 104**	**9 250 586 229**		**81 246 125**	**101 %**	
Employee costs	(2 842 422 439)	120 660 564	(2 721 761 875)	-	-	(2 721 761 875)	(2 690 416 301)	-	31 345 574	99 %	
Remuneration of councillors	(74 057 054)	5 089 675	(68 967 379)	-	-	(68 967 379)	(68 967 378)	-	1	100 %	
Debt impairment	(1 328 916 502)	(154 974 394)	(1 483 890 896)			(1 483 890 896)	(1 336 717 876)	-	147 173 020	90 %	
Depreciation and asset impairment	(1 902 326 577)	-	(1 902 326 577)			(1 902 326 577)	(1 890 789 290)	-	11 537 287	99 %	
Finance charges	(13 564 955)	-	(13 564 955)	-	-	(13 564 955)	(46 183 512)	(32 618 557)	(32 618 557)	340 %	N3
Inventory consumed and bulk purchases	(2 797 818 044)	162 197 728	(2 635 620 316)	-	-	(2 635 620 316)	(2 563 530 662)	-	72 089 654	97 %	
Transfers and grants	(153 897 060)	13 443 469	(140 453 591)	-	-	(140 453 591)	(131 530 965)	-	8 922 626	94 %	
Other expenditure	(1 517 959 780)	(90 840 396)	(1 608 800 176)	-	-	(1 608 800 176)	(1 887 965 661)	(279 165 476)	(279 165 485)	117 %	N4
Total expenditure	**(10 630 962 411)**	**55 576 646**	**(10 575 385 765)**	**-**	**-**	**(10 575 385 765)**	**(10 616 101 645)**	**(311 784 033)**	**(40 715 880)**	**100 %**	
Surplus/(Deficit)	**(1 396 066 962)**	**(9 978 699)**	**(1 406 045 661)**	**-**		**(1 406 045 661)**	**(1 365 515 416)**		**40 530 245**	**97 %**	

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	759 472 300	92 525 287	851 997 587	-		851 997 587	838 435 023		(13 562 564)	98 %	
Contributions recognised - capital and contributed assets	-	-	-	-		-	22 409 060		22 409 060	- %	N5
Surplus (Deficit) after capital transfers and contributions	**(636 594 662)**	**82 546 588**	**(554 048 074)**	**-**		**(554 048 074)**	**(504 671 333)**		**49 376 741**	**91 %**	
Share of surplus (deficit) of associate	-	-	-	-		-	40 750 306		40 750 306	- %	N7
Surplus/(Deficit) for the year	**(636 594 662)**	**82 546 588**	**(554 048 074)**	**-**		**(554 048 074)**	**(463 921 027)**		**90 127 047**	**84 %**	N6
Capital expenditure and funds sources											
Sources of capital funds											
Transfers recognised - capital	759 472 300	92 908 137	852 380 437	-		852 380 437	838 435 023		(13 945 414)	98 %	
Internally generated funds	458 420 778	27 823 671	486 244 449	-		486 244 449	346 127 526		(140 116 923)	71 %	N8
Total sources of capital funds	**1 217 893 078**	**120 731 808**	**1 338 624 886**	**-**		**1 338 624 886**	**1 184 562 549**		**(154 062 337)**	**88 %**	
Financial position											
Sources of capital funds											
Total current assets	3 593 944 216	1 852 456 715	5 446 400 931	-		5 446 400 931	4 093 968 719		(1 352 432 212)	75 %	N9
Total non-current assets	25 870 267 891	256 950 914	26 127 218 805	-		26 127 218 805	31 713 204 645		5 585 985 840	121 %	
Total current liabilities	(2 201 997 742)	(2 105 935 862)	(4 307 933 604)	-		(4 307 933 604)	(2 585 377 391)		1 722 556 213	60 %	N10
Total non-current liabilities	(1 061 162 928)	103 060 134	(958 102 794)	-		(958 102 794)	(961 500 897)		(3 398 103)	100 %	
Community wealth/Equity	**26 201 051 437**	**106 531 901**	**26 307 583 338**	**-**		**26 307 583 338**	**32 260 295 076**		**5 952 711 738**	**123 %**	

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
Cash flows											
Net cash from (used) operating	1 016 034 662	411 302 565	1 427 337 227	-		1 427 337 227	1 122 503 317		(304 833 910)	79 %	N11
Net cash from (used) investing	(1 217 893 078)	(106 199 683)	(1 324 092 761)	-		(1 324 092 761)	(1 068 483 048)		255 609 713	81 %	N12
Net cash from (used) financing	(43 135 989)	6 885 236	(36 250 753)	-		(36 250 753)	(30 246 177)		6 004 576	83 %	N13
Net increase/(decrease) in cash and cash equivalents	**(244 994 405)**	**311 988 118**	**66 993 713**	**-**		**66 993 713**	**23 774 092**		**(43 219 621)**	**35 %**	
Cash and cash equivalents at the beginning of the year	938 094 488	(278 106 066)	659 988 422	-		659 988 422	659 988 423		1	100 %	
Cash and cash equivalents at year end	**693 100 083**	**33 882 052**	**726 982 135**	**-**		**726 982 135**	**683 762 515**		**43 219 620**	**94 %**	N14

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Reasons for significant variances greater that 10% shown on the Statement of Comparison of Budget and Actual Amounts are detailed below:

N1 - (Investment revenue) - Increased interest rates by South African Reserve Bank, impacted interest earned on Investments positively.

N2 - (Other own revenue) - The variance is a result of Interest earned from Receivables; the debtor's book is increasing due to non-payment of debtors. The increase in debtor's results in an increase in interest charges, despite credit control action being implemented.

N3 - (Finance charges) - An amount of R34m relates to accrued interest in respect of the Landfill Provision, this is a non-cash item that was not budgeted for because previously it used to be capitalised back to the asset components which was not in line with GRAP. The expert calculations were just completed.

N4 - (Other Expenditure) - The variance is caused by loss on derecognition of assests.

N5 - (Contributions recognised – capital and contributed assets) - The donations are all electricity infrastructure, donated from various stakeholders. The biggest one being from Eastern Cape Development Corporation (ECDC) for the Dimbaza industrial Park Miniature Substation of R18.47 million.

N6 - (Surplus/(Deficit) for the year) - The deficit for the year that has been incurred by the Metro is mainly caused by two non-cash items - Depreciation & amortisation and Debt impairment.

Depreciation & amortisation: Infrastructure assets revalued at the end of each financial year in accordance with the accounting policy adopted by BCMM. The revaluation results in additional depreciation that cannot be compensated by increasing tariffs as that would lead to unaffordable tariffs. The change of valuation model is still under consideration.

Debt impairment: The increase is due to a rise in debtors primarily due to non-payment by customers within the financial year.

N7 - (Share of surplus (deficit) of associate) - There was a surplus realised by the East London Industrial Development Zone at 26% share price held by Buffalo City Metropolitan Municipality resulting in R40 750 306 surplus for the year ended June 2024.

N8 - (Internally generated funds) - The major contributing factors on low expenditure are procurement and project management inefficiencies that resulted in the slow progress in implementing own funded capital projects, however most of the projects are already awarded and the funding of such projects is fully committed.

N9 - (Total current assets) - The reason for the variance is VAT payable and receivable disclosed separately for NT mSCOA budgeting purposes and combined and grouped together for GRAP reporting.

N10 - (Total current liabilities) - The reason for the variance is VAT payable and receivable disclosed separately for NT mSCOA budgeting purposes and combined and grouped together for GRAP reporting.

N11 - (Net cash from (used) operating) - A significant increase in payments to suppliers was observed in an aim to promote grant expenditure and reduce creditors days.

N12 - (Net cash from (used) investing) - Increase in capital expenditure and reduction in disposals for the year.

N13 - (Net cash from (used) financing) - Significant reduction on financing costs as the loan capital amount reduces.

N14 - (Cash and cash equivalents at year-end) - A cash improvement is observed on the AFS due to reduction in financing cost and cash from operations.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

	Economic entity	Controlling entity

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 require 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 2024

Accounting Policies

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 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 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 15.

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 is 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 2024

Accounting Policies

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 monthly.

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 2024

Accounting Policies

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:

Item	Depreciation method	Average useful life or % of use
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

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.4 Property, plant and equipment (continued)

Electricity	Straight-line	30 to 60
Community - Buildings	Straight-line	30 to 60
Community - Recreation	Straight-line	15 to 60
Other properties	Straight-line	5 to 60
Roads	Straight-line	5 to 100
Wastewater network	Straight-line	5 to 80
Water network	Straight-line	5 to 150

The Municipality acquires and maintains assets to provide social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than that of certain Plant and Equipment, and Transport assets with significant carrying values. For Plant and Equipment and Transport assets (Above R5000) the residual value and the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised prospectively as a change in accounting estimates in the Statement of Financial Performance.

Motorised plant and machinery are accounted for under motor vehicles, due to the nature of their use.

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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 2024

Accounting Policies

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:

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 to 10

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.7 Heritage assets

Assets are resources controlled by 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 2024

Accounting Policies

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 2024

Accounting Policies

1.8 Interests in other entities

Investment in controlled entities

Municipal controlled entities are those entities which the City owns or over whose financial and operating policies it has the power to exercise beneficial control. Buffalo City Metropolitan Development Agency is wholly owned by the City. Refer to note 7.

In the controlling entity's annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.8 Interests in other entities (continued)

An investment in an associate or a joint venture accounted for using the equity method is classified as a non-current asset.

The entity with joint control of, or significant influence over, an investee, accounts for its investment in an associate or a joint venture using the equity method except when that investment qualifies for exemption.

1.9 Financial instruments

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- 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 23:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position and in note 23:

Class	Category
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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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.

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.

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 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

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Accounting Policies

1.9 Financial instruments (continued)
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.

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.

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Accounting Policies

1.10 Statutory receivables (continued)

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 using 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.

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

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.

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Accounting Policies

1.12 Inventories (continued)

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash- generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable service amount of an asset is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

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.

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Accounting Policies

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.

Buffalo City Metropolitan Municipality

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Accounting Policies

1.14 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. Refer to note 15.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits. Refer to note 15.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Refer to note 70.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is 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 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.

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

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Accounting Policies

1.14 Employee benefits (continued)

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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:

(a) 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.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

Post-employment benefits: Defined contribution plans

Recognition and measurement

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:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, 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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

Buffalo City Metropolitan Municipality

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the constructive obligation

The entity accounts 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.

Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Asset recognition ceiling: When a minimum funding requirement may give rise to a liability

If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

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.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes 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, the entity attributes benefit on a straight-line basis from:

(a) 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

(b) 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 assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 post-employment benefit obligations.

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Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

(a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

(b) any estimated future salary increases that affect the benefits payable;

(c) the effect of any limit on the employer's share of the cost of the future benefits;

(d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and

(e) 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:

(i) those changes were enacted before the end of the reporting period; or

(ii) historical data, 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 takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the entity recognises related restructuring costs or termination benefits.

Gains and losses on settlement

The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

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Accounting Policies

1.14 Employee benefits (continued)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

(a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and

(b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Presentation

Offset

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) 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.

Current/non-current distinction

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) 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.

Components of defined benefit cost

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, 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:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

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Accounting Policies

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

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

Provisions are not recognised for future operating surplus (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 54.

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 53.

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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Measurement

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

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognised in the period when the consumption took place. Provisional estimates of consumption are made monthly when meter readings have not been performed. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

To include all revenue in the financial period, calculations and accruals are made to account for consumption that took place during the last meter reading dates and the financial year end.

Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Buffalo City Metropolitan Municipality

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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.

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

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

Recognition

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

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

Measurement

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

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

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.

Buffalo City Metropolitan Municipality

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Fines

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

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Traffic fines are accounted for at a net value based on total outstanding fines calculated using the average of the previous three years less impairment based on a probability collection factor calculated using the average of the previous 5 years.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by a 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 a 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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.21 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the economic entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the economic entity concludes that it is not the agent, then it is the principal in the transactions.

The economic entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the economic entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The economic entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the economic entity is an agent.

Recognition

The economic entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The economic entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Construction contracts and receivables

Revenue from the construction contracts arise from funds received from the Eastern Cape Department of Human Settlements for the development and construction of housing units on behalf of the department.

The accounting treatment as a construction contract is in accordance with the ASB Guide for Housing Arrangements, where the City is responsible for the appointment of contractors (service provide for the construction of these units).

Construction revenue will be realized based on the progress billing by the Contractor (service Provider) for work done to date as certified by the City.

Construction receivable is recognized as certain projects are funded using own funds and claimed from the Eastern Cape Department of Human Settlement.

Construction payable is recognized as certain project funds are received in advance.

1.23 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.

1.24 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.

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.

1.25 Fruitless and wasteful expenditure

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

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.25 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred 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.

1.26 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.

1.27 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 assets 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.

1.28 Off-setting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.29 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.

1.30 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.31 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 55.

1.32 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.

1.33 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 22.

1.34 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.

1.35 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.

1.36 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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.36 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.

1.37 Change in accounting policy, accounting estimate and prior period error

Change in accounting policies are applied retrospectively in accordance with the requirements of GRAP. Except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the change in accounting policy relates, the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the restatement is practical.

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in the:

Period of the change, if the change affects that period only, or

The period of the change and future periods, if the change affects both.

All material prior period errors are corrected retrospectively in the first set of financial statements for issue after the discovery by management by;

Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
If the error occurred before the earliest period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if its impracticable to determine the period-specific effects of an error on comparative information for one of more prior periods presented, the entity must restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Further, if it is impracticable to determine the cumulative effect, the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP1 (Amended): Presentation of Financial Statements	Not yet set	Unlikely there will be a material impact
• GRAP 103 (Amended): Heritage Assets	Not yet set	Unlikely there will be a material impact
• GRAP 104 (Revised): Financial Instruments	01 April 2025	Impact is currently being assessed
• GRAP 105 (Revised): Transfer of Functions Between Entities Under Common Control	Not yet set	Unlikely there will be a material impact
• GRAP 106 (Revised): Transfer of Functions Between Entities Not Under Common Control	Not yet set	Unlikely there will be a material impact
• GRAP 107 (Revised): Mergers	Not yet set	Unlikely there will be a material impact
• iGRAP 22: Foreign Currency Transaction and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• Improvements to the standards of GRAP 2023	Not yet set	Unlikely there will be a material impact

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is 2025/04/01, set by the Minister of Finance.

The impact of this standard is currently being assessed.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

3. Investment property

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	484 115 274	-	484 115 274	460 961 600	-	460 961 600

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	484 115 274	-	484 115 274	460 961 600	-	460 961 600

Reconciliation of investment property - Economic entity - 2024

	Opening balance	Fair value adjustments	Total
Investment property	460 961 600	23 153 674	484 115 274

Reconciliation of investment property - Economic entity - 2023

	Opening balance	Fair value adjustments	Total
Investment property	451 897 500	9 064 100	460 961 600

Reconciliation of investment property - Controlling entity - 2024

	Opening balance	Fair value adjustments	Total
Investment property	460 961 600	23 153 674	484 115 274

Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Fair value adjustments	Total
Investment property	451 897 500	9 064 100	460 961 600

A register containing the information required by is available for inspection at the registered office of the entity.

Per accounting policy Note 1.3 the entity is on the fair value (FV) model of measuring Investment Property. No Investment Properties are pledged as a security and there are no restrictions on all the Investment Properties. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Rental income from investment properties in respect of monthly and annual leases amounted to R15 778 412, (2023: R17 236 586).

There were no repairs and maintenance conducted on municipal investment properties for current and previous financial year.

Valuations were done based on three valuation methodologies.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

3. Investment property (continued)

1. Direct Comparative Sales

In order to assess the likelihood of these properties' values being materially different from the prior year, reference is made to the FNB Property Barometer. This is a credible, verifiable index published for the purpose of such evaluations by one of South Africa's leading banks. The report indicates low growth during the period, and specifically mentions the slow growth rate in metropolitan municipalities. Which indicates that there have been no major market fluctuation that would require a comprehensive new valuation in the current year. Current year calculation was performed by Daniel Grobler - Professional Associated Valuer reg. no 2311/3 sworn appraiser.

2. Income Capitalisation Method

Two properties were valued using the Income Capitalisation method in 2023. Thompsons Property Solutions, represented by Brendon Thompson - Certified Auctioneer reg. no CA136 and sworn appriaser was engaged to perform a similar calculation in 2024. The properties were inspected for possible improvements since the prior year and to ensure that the condition is not materially different from the prior year. No significant changes were identified. The values were then recalculated in 2024 by calculating market related rates per square meter for comparable properties in similar locations and applying this to the general lettable area of the subject properties, and adjusting these for concomitant expenditure based on the type of properties and professional judgement of the appraisers.

3. Depreciated Replacement Cost

Using the Aurecon tool, an industry standard for calculating annual construction cost fluctuations, changes to extend the current replacement costs for the properties to 2024; this application of an index is common practice in the depreciated replacement cost method. These values were then adjusted for the age and condition of the assets to yield a new Depreciated Replacement Cost, (i.e. fair value) at the reporting date. This calculation was performed by Daniel Grobler - Professional Associated Valuer reg. no 2311/3 sworn appraiser.

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.

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	106 539 098	-	106 539 098	103 995 947	-	103 995 947
Plant and machinery	130 994 446	(97 181 295)	33 813 151	123 943 239	(90 341 205)	33 602 034
Furniture and fixtures	255 027 155	(187 695 187)	67 331 968	248 656 555	(171 629 647)	77 026 908
Motor vehicles	648 598 707	(385 285 953)	263 312 754	644 962 987	(352 275 482)	292 687 505
IT equipment	2 147 546	(1 603 665)	543 881	1 775 176	(1 265 239)	509 937
Electricity infrastructure	14 746 467 395	(8 950 907 541)	5 795 559 854	12 734 190 339	(8 626 606 981)	4 107 583 358
Other property (halls, social housing)	3 103 805 086	(1 229 757 202)	1 874 047 884	2 916 771 379	(1 189 322 678)	1 727 448 701
Work in progress (WIP)	2 455 165 940	-	2 455 165 940	3 223 694 380	-	3 223 694 380
Recreational facilities	1 100 038 020	(672 280 956)	427 757 064	967 522 692	(643 159 280)	324 363 412
Roads	20 206 744 540	(10 161 326 732)	10 045 417 808	17 911 566 056	(9 890 689 945)	8 020 876 111
Wastewater network	6 341 288 847	(3 728 842 391)	2 612 446 456	6 160 423 240	(3 685 335 047)	2 475 088 193
Water network	10 281 582 646	(5 112 772 536)	5 168 810 110	8 869 394 808	(4 885 346 682)	3 984 048 126
Community buildings	3 151 109 413	(1 559 493 138)	1 591 616 275	2 800 598 236	(1 467 579 105)	1 333 019 131
Total	**62 529 508 839**	**(32 087 146 596)**	**30 442 362 243**	**56 707 495 034**	**(31 003 551 291)**	**25 703 943 743**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Controlling entity

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	106 539 098	-	106 539 098	103 995 947	-	103 995 947
Plant and machinery	130 994 446	(97 181 295)	33 813 151	123 943 239	(90 341 205)	33 602 034
Furniture and fixtures	253 423 222	(186 568 854)	66 854 368	247 093 117	(170 759 464)	76 333 653
Motor vehicles	648 598 707	(385 285 953)	263 312 754	644 962 987	(352 275 482)	292 687 505
Electricity infrastructure	14 746 467 395	(8 950 907 541)	5 795 559 854	12 734 190 339	(8 626 606 981)	4 107 583 358
Other property (halls, social housing)	3 103 805 086	(1 229 757 202)	1 874 047 884	2 916 771 379	(1 189 322 678)	1 727 448 701
Work in progress (WIP)	2 455 165 940	-	2 455 165 940	3 223 694 380	-	3 223 694 380
Recreational facilities	1 100 038 020	(672 280 956)	427 757 064	967 522 692	(643 159 280)	324 363 412
Roads	20 206 744 540	(10 161 326 732)	10 045 417 808	17 911 566 056	(9 890 689 945)	8 020 876 111
Wastewater network	6 341 288 847	(3 728 842 391)	2 612 446 456	6 160 423 240	(3 685 335 047)	2 475 088 193
Water network	10 281 582 646	(5 112 772 536)	5 168 810 110	8 869 394 808	(4 885 346 682)	3 984 048 126
Community buildings	3 151 109 413	(1 559 493 138)	1 591 616 275	2 800 598 236	(1 467 579 105)	1 333 019 131
Total	**62 525 757 360**	**(32 084 416 598)**	**30 441 340 762**	**56 704 156 420**	**(31 001 415 869)**	**25 702 740 551**

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 - 2024

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	103 995 947	2 543 151	-	-	-	-	106 539 098
Plant and machinery	33 602 034	7 159 508	-	(70 756)	-	(6 877 635)	33 813 151
Furniture and fixtures	77 026 908	7 429 146	-	(393 220)	-	(16 730 866)	67 331 968
Motor vehicles	292 687 505	12 812 476	-	(2 156 353)	-	(40 030 874)	263 312 754
IT equipment	509 937	439 279	-	(29 140)	-	(376 195)	543 881
Electricity infrastructure	4 107 583 358	204 708 838	-	(2 609 304)	1 822 172 386	(336 295 424)	5 795 559 854
Other property (halls, social housing)	1 727 448 701	245 205 737	-	(131 205 691)	136 007 851	(103 408 714)	1 874 047 884
Work in progress (WIP)	3 223 694 380	1 104 542 050	(1 873 070 490)	-	-	-	2 455 165 940
Recreational facilities	324 363 412	51 422 929	-	(1 905 087)	94 445 597	(40 569 787)	427 757 064
Roads	8 020 876 111	706 937 264	-	(183 128 739)	2 337 544 133	(836 810 961)	10 045 417 808
Wastewater network	2 475 088 193	71 351 981	-	(18 633 737)	218 296 261	(133 656 242)	2 612 446 456
Water network	3 984 048 126	411 645 078	-	(4 319 855)	1 029 838 504	(252 401 743)	5 168 810 110
Community buildings	1 333 019 131	137 064 935	-	(7 249 419)	252 349 312	(123 567 684)	1 591 616 275
	25 703 943 743	**2 963 262 372**	**(1 873 070 490)**	**(351 701 301)**	**5 890 654 044**	**(1 890 726 125)**	**30 442 362 243**

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	Disposals/ Transfers	Revaluations	Depreciation	Total
Land	91 590 387	12 405 560	-	-	-	103 995 947
Plant and machinery	43 098 366	3 147 885	(391 166)	-	(12 253 051)	33 602 034
Furniture and fixtures	94 540 268	14 611 143	(466 291)	-	(31 658 212)	77 026 908
Motor vehicles	305 000 154	38 949 467	(11 376 832)	-	(39 885 284)	292 687 505
IT equipment	601 482	244 343	-	-	(335 888)	509 937
Electricity infrastructure	4 414 254 460	130 225 559	-	(95 652 292)	(341 244 369)	4 107 583 358
Other property (halls, social housing)	1 699 274 254	71 673 743	-	60 264 908	(103 764 204)	1 727 448 701
Work in progress (WIP)	2 897 474 221	326 220 159	-	-	-	3 223 694 380
Recreational facilities	334 477 038	17 036 587	-	14 024 037	(41 174 250)	324 363 412
Roads	7 689 064 016	516 136 618	-	631 011 435	(815 335 958)	8 020 876 111
Wastewater network	2 553 348 798	81 215 363	-	(22 417 424)	(137 058 544)	2 475 088 193
Water network	3 883 555 440	134 209 905	-	219 028 786	(252 746 005)	3 984 048 126
Community buildings	1 314 247 275	92 112 703	-	45 598 384	(118 939 231)	1 333 019 131
	25 320 526 159	**1 438 189 035**	**(12 234 289)**	**851 857 834**	**(1 894 394 996)**	**25 703 943 743**

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 - 2024

	Opening balance	Additions	Transfers	Disposals	Revaluations	Depreciation	Total
Land	103 995 947	2 543 151	-	-	-	-	106 539 098
Plant and machinery	33 602 034	7 159 508	-	(70 756)	-	(6 877 635)	33 813 151
Furniture and fixtures	76 333 653	7 388 651	-	(393 220)	-	(16 474 716)	66 854 368
Motor vehicles	292 687 505	12 812 476	-	(2 156 353)	-	(40 030 874)	263 312 754
Electricity infrastructure	4 107 583 358	204 708 838	-	(2 609 304)	1 822 172 386	(336 295 424)	5 795 559 854
Other property (halls, social housing)	1 727 448 701	245 205 737	-	(131 205 691)	136 007 851	(103 408 714)	1 874 047 884
Work in progress (WIP)	3 223 694 380	1 104 542 050	(1 873 070 490)	-	-	-	2 455 165 940
Recreational facilities	324 363 412	51 422 929	-	(1 905 087)	94 445 597	(40 569 787)	427 757 064
Roads	8 020 876 111	706 937 264	-	(183 128 739)	2 337 544 133	(836 810 961)	10 045 417 808
Wastewater network	2 475 088 193	71 351 981	-	(18 633 737)	218 296 261	(133 656 242)	2 612 446 456
Water network	3 984 048 126	411 645 078	-	(4 319 855)	1 029 838 504	(252 401 743)	5 168 810 110
Community buildings	1 333 019 131	137 064 935	-	(7 249 419)	252 349 312	(123 567 684)	1 591 616 275
	25 702 740 551	**2 962 782 598**	**(1 873 070 490)**	**(351 672 161)**	**5 890 654 044**	**(1 890 093 780)**	**30 441 340 762**

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	Disposals/ Transfers	Revaluations	Depreciation	Total
Land	91 590 387	12 405 560	-	-	-	103 995 947
Plant and machinery	43 098 366	3 147 885	(391 166)	-	(12 253 051)	33 602 034
Furniture and fixtures	93 610 028	14 589 520	(466 291)	-	(31 399 604)	76 333 653
Motor vehicles	305 000 154	38 949 467	(11 376 832)	-	(39 885 284)	292 687 505
Electricity infrastructure	4 414 254 460	130 225 559	-	(95 652 292)	(341 244 369)	4 107 583 358
Other property (halls, social housing)	1 699 274 254	71 673 743	-	60 264 908	(103 764 204)	1 727 448 701
Work in progress (WIP)	2 897 474 221	326 220 159	-	-	-	3 223 694 380
Recreational facilities	334 477 038	17 036 587	-	14 024 037	(41 174 250)	324 363 412
Roads	7 689 064 016	516 136 618	-	631 011 435	(815 335 958)	8 020 876 111
Wastewater network	2 553 348 798	81 215 363	-	(22 417 424)	(137 058 544)	2 475 088 193
Water network	3 883 555 440	134 209 905	-	219 028 786	(252 746 005)	3 984 048 126
Community buildings	1 314 247 275	92 112 703	-	45 598 384	(118 939 231)	1 333 019 131
	25 318 994 437	**1 437 923 069**	**(12 234 289)**	**851 857 834**	**(1 893 800 500)**	**25 702 740 551**

Proceeds on disposal of Property, plant and equipment		**2024**	**2023**	**2024**	**2023**
Carrying value of Property, plant and equipment		351 701 301	12 234 289	351 672 161	12 234 289
Net gain/(loss) on disposal of assets	27	(351 670 867)	2 612 915	(351 672 161)	2 591 325
		30 434	**14 847 204**	**-**	**14 825 614**

There are properties for which tittle 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 44.

Refer to note 53 for committed expenditure.

The values were determined as 30 June 2024 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.

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 asset's title deeds.

The City owns living animals which are used to deliver services. However, the cost of these animals is 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	2024	2023	2024	2023
Buildings	85 785 603	218 680 814	85 785 603	218 680 814
Community facilities	136 670 573	300 392 578	136 670 573	300 392 578
Electricity	48 811 905	76 913 399	48 811 905	76 913 399
Other assets	57 197 519	105 662 298	57 197 519	105 662 298
Roads	1 257 975 620	1 553 660 623	1 257 975 620	1 553 660 623
Sanitation	591 950 758	577 063 748	591 950 758	577 063 748
Water supply	276 773 963	391 320 920	276 773 963	391 320 920
	2 455 165 941	**3 223 694 380**	**2 455 165 941**	**3 223 694 380**

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. Impairment loss incurred for some of these projects is also accounted for.

Contract	Reasons
KWT WWTW Phase 2	Project has been halted pending finalisation of the litigation process
Water World	The contractor abandoned the site and the contract has since been terminated. The construction works were halted pending finalisation of the arbitration process.
CNIP Victims project	Project has been halted pending finalisation of the litigation process.
EL Sewer diversion	Project has been halted pending finalisation of the litigation process.
Posdam Ikhwezi Block 1	This project was terminated due to poor performance of the contractor and there were issues of non-payment of materials by the contractor resulting to them being litigated by the suppliers. The entity has appointed a replacement contractor to complete and finalise the work that was left incomplete by the previous contractor.

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 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

5. Intangible assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	43 763 550	(36 516 421)	7 247 129	43 566 087	(34 523 358)	9 042 729

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	38 686 800	(31 923 020)	6 763 780	38 686 800	(30 381 040)	8 305 760

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	9 042 729	197 463	(1 993 063)	7 247 129

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 - Controlling entity - 2024

	Opening balance	Amortisation	Total
Computer software	8 305 760	(1 541 980)	6 763 780

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

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 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

6. Heritage assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Monuments	10 998 644	-	10 998 644	10 062 384	-	10 062 384
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	17 996 945	-	17 996 945	18 050 426	-	18 050 426
Total	**54 060 071**	**-**	**54 060 071**	**53 177 292**	**-**	**53 177 292**

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Monuments	10 998 644	-	10 998 644	10 062 384	-	10 062 384
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	17 996 945	-	17 996 945	18 050 426	-	18 050 426
Total	**54 060 071**	**-**	**54 060 071**	**53 177 292**	**-**	**53 177 292**

Reconciliation of heritage assets Economic entity - 2024

	Opening balance	Additions	Impairment	Total
Monuments	10 062 384	1 180 000	(243 740)	10 998 644
Memorials	2 866 049	-	-	2 866 049
Historical buildings & sites	22 198 433	-	-	22 198 433
Other Heritage sites	18 050 426	-	(53 481)	17 996 945
	53 177 292	**1 180 000**	**(297 221)**	**54 060 071**

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Additions	Total
Historical monuments	9 731 384	331 000	10 062 384
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
	52 846 292	**331 000**	**53 177 292**

Reconciliation of heritage assets - Controlling entity - 2024

	Opening balance	Additions	Impairment	Total
Monuments	10 062 384	1 180 000	(243 740)	10 998 644
Memorials	2 866 049	-	-	2 866 049
Historical buildings & sites	22 198 433	-	-	22 198 433
Other Heritage sites	18 050 426	-	(53 481)	17 996 945
	53 177 292	**1 180 000**	**(297 221)**	**54 060 071**

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

6. Heritage assets (continued)

Reconciliation of heritage assets - Controlling entity - 2023

	Opening balance	Additions	Total
Monuments	9 731 384	331 000	10 062 384
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
	52 846 292	**331 000**	**53 177 292**

Heritage assets are reviewed annually for impairment. None of the City's Heritage assets are restricted and or pledged as a security.

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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

7. Investment in associates

Investments in controlled entities

		Economic Entity		Controlling Entity	
Name	Principal activity	Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 2023
Buffalo City Metropolitan Development Agency SOC Ltd	Tourism and development throughout the City.	-	-	100	100
% holding		-	-	100 %	100 %

		Economic Entity		Controlling Entity	
Name	Principal activity	Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 2023
East London Industrial Development Zone (Pty) Ltd	Development of East London's Industrial Development Zone.	726 924 658	686 174 352	726 924 658	686 174 352
% holding		26 %	26 %	26 %	26 %
		726 924 658	686 174 352	726 924 658	686 174 352

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

Movements in carrying amount				
Opening balance	686 174 352	706 317 270	686 174 352	706 317 270
Other movement	40 750 306	(20 142 918)	40 750 306	(20 142 918)
	726 924 658	**686 174 352**	**726 924 658**	**686 174 352**

Investment in associate at 30 June 2024 amounted to R726 924 658 (2023: R686 174 352).

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	774 598 968	730 693 321	774 598 968	730 693 321
Total liabilities	(47 674 050)	(44 518 709)	(47 674 050)	(44 518 709)
Total equity	726 924 658	686 174 352	726 924 658	686 174 352
Share in surplus/(deficit) for the year	40 750 306	(20 142 918)	40 750 306	(20 142 918)
Surplus - opening balance	686 174 352	706 317 270	686 174 352	706 317 270

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 2023 to 31 March 2024.

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 2023 - 31 March 2024.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

7. Investment in associates (continued)

Interests in associates

Material associates

Name of the associate:	East London Industrial Development Zone (Pty)Ltd
Nature of the entity's relationship with the associate:	The development and management of the Special Economic Zone (SEZ) in East London.
Domicile and legal form of the associate:	State owned company
Proportion of ownership interest or participating share held by the entity:	26%
Proportion of voting rights held:	26%
The investment in associate is measured using:	Equity Method

Summarised financial information for the associate

Current assets	313 510 422	294 918 863	313 510 422	294 918 863
Non-current assets	2 665 716 379	2 515 440 063	2 665 716 379	2 515 440 063
Current liabilities	(183 361 732)	(171 225 804)	(183 361 732)	(171 225 804)
Revenue	615 644 406	475 091 045	615 644 406	475 091 045
Expenditure	(456 772 526)	(550 462 903)	(456 772 526)	(550 462 903)
Tax expense	(2 139 933)	(2 100 905)	(2 139 933)	(2 100 905)
Surplus or (deficit)	156 731 947	(77 472 763)	156 731 947	(77 472 763)

8. Inventories

Electricity store (Electrical maintenance parts)	36 572 721	21 198 523	36 572 721	21 198 523
Workshop store (Mechanical maintenance parts)	1 217 450	511 756	1 217 450	511 756
Water store (Water maintenance parts)	10 170 678	9 660 148	10 170 678	9 660 148
Unsold water (Treated water in pipelines & reservoirs)	9 051 949	7 895 122	9 051 949	7 895 122
General stores (Chiselhurst, Mdantsane, KWT)	12 640 345	11 742 264	12 600 385	11 679 877
	69 653 143	51 007 813	69 613 183	50 945 426
Inventories (write-downs)	(254 747)	(161 416)	(266 513)	(138 990)
	69 398 396	**50 846 397**	**69 346 670**	**50 806 436**

Refer to note 37 Inventory consumed for the amount of inventory expensed during the year.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		Economic entity 2024	Economic entity 2023 *Restated	Controlling entity 2024	Controlling entity 2023 *Restated
9. Receivables from non-exchange transactions					
Other debtors		30 642 705	28 640 523	30 642 705	28 640 523
Traffic fines		184 462 867	253 081 624	184 462 867	253 081 624
Allowance for impairment - Traffic fines		(157 378 307)	(216 036 445)	(157 378 307)	(216 036 445)
Property rates	11	1 842 351 216	1 399 155 694	1 842 351 216	1 399 155 694
Allowance for impairment - Property rates	11	(968 617 858)	(760 836 512)	(968 617 858)	(760 836 512)
Other receivables (billing)	11	344 933 363	284 938 435	344 933 363	284 938 435
Allowance for impairment - Other receivables (billing)	11	(79 256 411)	(116 473 307)	(79 256 411)	(116 473 307)
		1 197 137 575	**872 470 012**	**1 197 137 575**	**872 470 012**
Statutory receivables included in receivables from non-exchange transactions above are as follows:					
Property rates - Gross		1 842 351 216	1 399 155 694	1 842 351 216	1 399 155 694
Property rates - Impairment		(968 617 858)	(760 836 512)	(968 617 858)	(760 836 512)
Traffic fines - Gross		184 462 867	253 081 624	184 462 867	253 081 624
Traffic fines - Impairment		(157 378 307)	(216 036 445)	(157 378 307)	(216 036 445)
		900 817 918	**675 364 361**	**900 817 918**	**675 364 361**
Financial asset receivables included in receivables from non-exchange transactions above	23	**296 319 657**	**197 105 651**	**296 319 657**	**197 105 651**
Total receivables from non-exchange transactions		1 197 137 575	872 470 012	1 197 137 575	872 470 012
Traffic fines					
Opening Balance - Total Outstanding Fines (Based on prior 3 years)		253 081 624	272 165 361	253 081 624	272 165 361
Less: Outstanding Fines in respect of prior third year		(123 360 257)	(66 234 022)	(123 360 257)	(66 234 022)
Total Traffic Fines Issued BCMM		69 341 594	67 657 340	69 341 594	67 657 340
Traffic Fines withdrawn, untraceable and uncollectable		(3 957 950)	(8 999 425)	(3 957 950)	(8 999 425)
Traffic Fines Paid		(10 642 144)	(11 507 630)	(10 642 144)	(11 507 630)
Total Outstanding Fines		184 462 867	253 081 624	184 462 867	253 081 624
Impairment (Based on a probability collection factor of approx. 15% - 2024 and 15% - 2023)		(157 378 307)	(216 036 445)	(157 378 307)	(216 036 445)
		27 084 560	**37 045 179**	**27 084 560**	**37 045 179**

The amount of the contribution to impairment for traffic fines was R65 383 644 (2023: R(58 657 915)).

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 2024, other receivables from non-exchange transactions of R (1 047 874 269) (2023: R (877 309 819)) were impaired and provided for.

The amount of the contribution to impairment was R(309 965 321) (2023: R(310 827 450)).

Amounts totalling R139 400 871 (2023: R194 730 149) were written off as uncollectable against the debt impairment allowance account. This represents 1% (2023: 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 42). 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.

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

9. Receivables from non-exchange transactions (continued)

Statutory receivable disclosure

Property rates - Gross ageing				
Current (0 -30 days)	164 201 372	96 255 373	164 201 372	96 255 373
31 - 60 days	81 434 790	62 139 174	81 434 790	62 139 174
61 - 90 days	66 659 613	48 966 431	66 659 613	48 966 431
91 - 120 days	65 033 663	43 441 209	65 033 663	43 441 209
121 - 365 days	450 917 308	314 575 496	450 917 308	314 575 496
> 365 days	1 014 104 470	833 778 010	1 014 104 470	833 778 010
	1 842 351 216	**1 399 155 693**	**1 842 351 216**	**1 399 155 693**
Property rates - Impairment ageing				
Current (0 -30 days)	(86 329 023)	(50 015 303)	(86 329 023)	(50 015 303)
31 - 60 days	(42 814 416)	(33 901 168)	(42 814 416)	(33 901 168)
61 - 90 days	(35 046 353)	(26 714 536)	(35 046 353)	(26 714 536)
91 - 120 days	(34 191 509)	(23 700 150)	(34 191 509)	(23 700 150)
121 - 365 days	(237 070 192)	(171 622 442)	(237 070 192)	(171 622 442)
> 365 days	(533 166 364)	(454 882 913)	(533 166 364)	(454 882 913)
	(968 617 857)	**(760 836 512)**	**(968 617 857)**	**(760 836 512)**
Property Rates - Consumer debtors past due but not impaired				
Current (0 -30 days)	77 872 349	46 240 070	77 872 349	46 240 070
31 - 60 days	38 620 374	28 238 006	38 620 374	28 238 006
61 - 90 days	31 613 260	22 251 895	31 613 260	22 251 895
91 - 120 days	30 842 154	19 741 059	30 842 154	19 741 059
121 - 365 days	213 847 116	142 953 054	213 847 116	142 953 054
> 365 days	480 938 106	378 895 098	480 938 106	378 895 098
	873 733 359	**638 319 182**	**873 733 359**	**638 319 182**

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.

10. Receivables from exchange transactions

Consumer debtors - Electricity - Gross	11	1 024 057 838	841 660 331	1 024 057 838	841 660 331
Consumer debtors - Electricity - Impairment	11	(845 990 795)	(632 712 764)	(845 990 795)	(632 712 764)
Consumer debtors - Water - Gross	11	2 631 725 468	2 187 314 438	2 631 725 468	2 187 314 438
Consumer debtors - Water - Impairment	11	(2 039 464 189)	(1 680 195 108)	(2 039 464 189)	(1 680 195 108)
Consumer debtors - Waste water - Gross	11	809 113 544	634 146 914	809 113 544	634 146 914
Consumer debtors - Waste water - Impairment	11	(478 072 996)	(377 404 128)	(478 072 996)	(377 404 128)
Consumer debtors - Refuse - Gross	11	1 011 090 602	790 836 598	1 011 090 602	790 836 598
Consumer debtors - Refuse - impairment	11	(534 341 592)	(428 239 939)	(534 341 592)	(428 239 939)
Consumer debtors - Rental debtors - Gross	11	59 080 298	58 910 109	59 080 298	58 910 109
Consumer debtors - Rental debtors - Impairment	11	(41 002 078)	(30 297 547)	(41 002 078)	(30 297 547)
Accrued income		365 089 017	408 831 736	365 089 017	408 831 736
VAT accrual on payables	22	133 933 071	125 736 639	132 706 943	126 380 603
VAT control	22	49 847 072	43 779 987	49 729 899	43 752 605
Other debtors		-	-	-	6 397 352
Sundry debtors - BCMDA		111 728	1 903 643	-	-
		2 145 176 988	**1 944 270 909**	**2 143 721 959**	**1 949 381 200**

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Notes to the Audited Consolidated Annual Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

10. Receivables from exchange transactions (continued)

Statutory receivables included in receivables from exchange transactions above are as follows:					
VAT Accrual		132 706 943	126 380 603	132 706 943	126 380 603
VAT Control		49 729 899	43 752 605	49 729 899	43 752 605
Total statutory receivables included above		**182 436 842**	**170 133 208**	**182 436 842**	**170 133 208**
Total financial asset receivables included above	23	**1 962 740 146**	**1 774 137 701**	**1 961 285 117**	**1 779 247 992**
Total receivables from exchange transactions		2 145 176 988	1 944 270 909	2 143 721 959	1 949 381 200

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 2024, trade and other receivables of R (3 938 871 651) (2023: R (3 148 849 486)) were impaired and provided for. The amount of the contribution to impairment was R(1 112 530 739) (2023: R(688 558 231)).

Amounts totalling as of 30 June 2024 R322 508 574 (2023: R346 651 305) were written off as uncollectable against the debt impairment allowance account. This represents 4% (2023: 4%) 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 2024, 4 169 (2023: 3 027) debtors had active outstanding arrangements to the value of R286 199 244 (2023: R62 719 390). 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	1 842 351 216	1 399 155 694	1 842 351 216	1 399 155 694
Consumer debtors - Electricity	10	1 024 057 838	841 660 331	1 024 057 838	841 660 331
Consumer debtors - Water	10	2 631 725 468	2 187 314 438	2 631 725 468	2 187 314 438
Consumer debtors - Waste water	10	809 113 544	634 146 914	809 113 544	634 146 914
Consumer debtors - Refuse	10	1 011 090 602	790 836 598	1 011 090 602	790 836 598
Consumer debtors - Rental debtors	10	59 080 298	58 910 109	59 080 298	58 910 109
Consumer debtors - Other receivables (billing)	9	344 933 363	284 938 435	344 933 363	284 938 435
		7 722 352 329	**6 196 962 519**	**7 722 352 329**	**6 196 962 519**
Less: Allowance for impairment					
Consumer debtors - Rates	9	(968 617 858)	(760 836 512)	(968 617 858)	(760 836 512)
Consumer debtors - Electricity	10	(845 990 795)	(632 712 764)	(845 990 795)	(632 712 764)
Consumer debtors - Water	10	(2 039 464 189)	(1 680 195 108)	(2 039 464 189)	(1 680 195 108)
Consumer debtors - Waste water	10	(478 072 996)	(377 404 128)	(478 072 996)	(377 404 128)
Consumer debtors - Refuse	10	(534 341 592)	(428 239 939)	(534 341 592)	(428 239 939)
Consumer debtors - Rental debtors	10	(41 002 078)	(30 297 547)	(41 002 078)	(30 297 547)
Consumer debtors - Other receivables (billing)	9	(79 256 411)	(116 473 307)	(79 256 411)	(116 473 307)
		(4 986 745 919)	**(4 026 159 305)**	**(4 986 745 919)**	**(4 026 159 305)**

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Figures in Rand		Economic entity 2024	Economic entity 2023 *Restated	Controlling entity 2024	Controlling entity 2023 *Restated
11. Consumer debtors' disclosure (continued)					
Net balance					
Consumer debtors - Rates	9	873 733 358	638 319 182	873 733 358	638 319 182
Consumer debtors - Electricity	10	178 067 043	208 947 567	178 067 043	208 947 567
Consumer debtors - Water	10	592 261 279	507 119 330	592 261 279	507 119 330
Consumer debtors - Waste water	10	331 040 548	256 742 786	331 040 548	256 742 786
Consumer debtors - Refuse	10	476 749 010	362 596 659	476 749 010	362 596 659
Consumer debtors - Rental debtors	10	18 078 220	28 612 562	18 078 220	28 612 562
Consumer debtors - Other receivables (billing)	9	265 676 952	168 465 128	265 676 952	168 465 128
		2 735 606 410	**2 170 803 214**	**2 735 606 410**	**2 170 803 214**
Statutory receivables included in consumer debtors above are as follows:					
Consumer debtors - Rates		873 733 358	638 319 182	873 733 358	638 319 182
Financial asset receivables included in consumer debtors above		**1 861 873 052**	**1 532 484 032**	**1 861 873 052**	**1 532 484 032**
Total consumer debtors		2 735 606 410	2 170 803 214	2 735 606 410	2 170 803 214
Included in above is receivables from exchange transactions					
Electricity		178 067 043	208 947 567	178 067 043	208 947 567
Water		592 261 279	507 119 330	592 261 279	507 119 330
Waste water		331 040 548	256 742 786	331 040 548	256 742 786
Refuse		476 749 010	362 596 659	476 749 010	362 596 659
Rental debtors		18 078 220	28 612 562	18 078 220	28 612 562
		1 596 196 100	**1 364 018 904**	**1 596 196 100**	**1 364 018 904**
Included in above is receivables from non-exchange transactions (taxes and transfers)					
Rates		873 733 358	638 319 182	873 733 358	638 319 182
Other receivables (billing)		265 676 952	168 465 128	265 676 952	168 465 128
		1 139 410 310	**806 784 310**	**1 139 410 310**	**806 784 310**
Net balance		**2 735 606 410**	**2 170 803 214**	**2 735 606 410**	**2 170 803 214**
Rates					
Current (0 -30 days)		164 201 372	96 255 373	164 201 372	96 255 373
31 - 60 days		81 434 790	62 139 174	81 434 790	62 139 174
61 - 90 days		66 659 613	48 966 431	66 659 613	48 966 431
91 - 120 days		65 033 663	43 441 209	65 033 663	43 441 209
121 - 365 days		450 917 308	314 575 496	450 917 308	314 575 496
> 365 days		1 014 104 470	833 778 011	1 014 104 470	833 778 011
		1 842 351 216	**1 399 155 694**	**1 842 351 216**	**1 399 155 694**
Electricity					
Current (0 -30 days)		335 105 614	188 048 709	335 105 614	188 048 709
31 - 60 days		48 315 034	33 937 954	48 315 034	33 937 954
61 - 90 days		34 820 124	27 367 520	34 820 124	27 367 520
91 - 120 days		22 955 932	23 054 773	22 955 932	23 054 773
121 - 365 days		162 037 457	158 432 650	162 037 457	158 432 650
> 365 days		420 823 677	410 818 725	420 823 677	410 818 725
		1 024 057 838	**841 660 331**	**1 024 057 838**	**841 660 331**

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

11. Consumer debtors' disclosure (continued)

Water				
Current (0 -30 days)	206 149 478	62 825 168	206 149 478	62 825 168
31 - 60 days	62 561 439	59 896 714	62 561 439	59 896 714
61 - 90 days	73 312 866	51 125 320	73 312 866	51 125 320
91 - 120 days	67 732 824	48 227 343	67 732 824	48 227 343
121 - 365 days	469 182 489	362 471 586	469 182 489	362 471 586
> 365 days	1 752 786 372	1 602 768 307	1 752 786 372	1 602 768 307
	2 631 725 468	**2 187 314 438**	**2 631 725 468**	**2 187 314 438**
Waste water				
Current (0 -30 days)	68 005 834	60 636 741	68 005 834	60 636 741
31 - 60 days	26 872 154	22 113 278	26 872 154	22 113 278
61 - 90 days	24 434 472	17 319 111	24 434 472	17 319 111
91 - 120 days	23 353 118	15 321 237	23 353 118	15 321 237
121 - 365 days	172 158 011	118 322 314	172 158 011	118 322 314
> 365 days	494 289 955	400 434 233	494 289 955	400 434 233
	809 113 544	**634 146 914**	**809 113 544**	**634 146 914**
Refuse				
Current (0 -30 days)	46 406 927	66 808 721	46 406 927	66 808 721
31 - 60 days	30 849 553	22 848 711	30 849 553	22 848 711
61 - 90 days	28 129 760	19 655 782	28 129 760	19 655 782
91 - 120 days	30 072 166	18 100 409	30 072 166	18 100 409
121 - 365 days	223 593 660	146 265 480	223 593 660	146 265 480
> 365 days	652 038 536	517 157 495	652 038 536	517 157 495
	1 011 090 602	**790 836 598**	**1 011 090 602**	**790 836 598**
Rental debtors				
Current (0 -30 days)	1 540 579	2 142 877	1 540 579	2 142 877
31 - 60 days	1 105 690	1 381 408	1 105 690	1 381 408
61 - 90 days	793 334	1 248 838	793 334	1 248 838
91 - 120 days	880 187	1 188 706	880 187	1 188 706
121 - 365 days	10 246 251	9 355 050	10 246 251	9 355 050
> 365 days	44 514 257	43 593 230	44 514 257	43 593 230
	59 080 298	**58 910 109**	**59 080 298**	**58 910 109**
Other receivables (billing)				
Current (0 -30 days)	16 698 149	16 628 402	16 698 149	16 628 402
31 - 60 days	7 965 221	6 361 345	7 965 221	6 361 345
61 - 90 days	7 174 203	5 623 286	7 174 203	5 623 286
91 - 120 days	7 617 681	5 057 459	7 617 681	5 057 459
121 - 365 days	58 600 299	43 928 885	58 600 299	43 928 885
> 365 days	246 877 810	207 339 058	246 877 810	207 339 058
	344 933 363	**284 938 435**	**344 933 363**	**284 938 435**

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

11. Consumer debtors' disclosure (continued)

Summary of debtors by customer classification

Consumers				
Current (0 -30 days)	372 137 250	284 327 954	372 137 250	284 327 954
31 - 60 days	176 505 385	139 873 427	176 505 385	139 873 427
61 - 90 days	172 177 885	117 033 364	172 177 885	117 033 364
91 - 120 days	166 215 959	109 180 580	166 215 959	109 180 580
121 - 365 days	1 228 141 289	852 726 412	1 228 141 289	852 726 412
> 365 days	3 933 243 856	3 367 249 079	3 933 243 856	3 367 249 079
	6 048 421 624	4 870 390 816	6 048 421 624	4 870 390 816
Less: Allowance for impairment	(4 269 575 001)	(3 446 674 506)	(4 269 575 001)	(3 446 674 506)
	1 778 846 623	**1 423 716 310**	**1 778 846 623**	**1 423 716 310**
Industrial/ commercial				
Current (0 -30 days)	417 677 550	171 695 716	417 677 550	171 695 716
31 - 60 days	70 255 253	61 707 956	70 255 253	61 707 956
61 - 90 days	55 577 831	50 649 672	55 577 831	50 649 672
91 - 120 days	45 267 601	43 473 807	45 267 601	43 473 807
121 - 365 days	305 993 017	287 115 906	305 993 017	287 115 906
> 365 days	677 583 476	634 744 657	677 583 476	634 744 657
	1 572 354 728	1 249 387 714	1 572 354 728	1 249 387 714
Less: Allowance for impairment	(717 170 918)	(579 484 799)	(717 170 918)	(579 484 799)
	855 183 810	**669 902 915**	**855 183 810**	**669 902 915**
National and provincial government				
Current (0 -30 days)	48 293 153	36 919 847	48 293 153	36 919 847
31 - 60 days	12 343 242	7 097 201	12 343 242	7 097 201
61 - 90 days	7 568 656	3 623 253	7 568 656	3 623 253
91 - 120 days	6 162 011	1 736 748	6 162 011	1 736 748
121 - 365 days	12 601 167	13 509 144	12 601 167	13 509 144
> 365 days	14 607 747	14 297 798	14 607 747	14 297 798
	101 575 976	**77 183 991**	**101 575 976**	**77 183 991**
Total				
Current (0 -30 days)	838 107 953	492 943 517	838 107 953	492 943 517
31 - 60 days	259 103 880	208 678 583	259 103 880	208 678 583
61 - 90 days	235 324 372	171 306 288	235 324 372	171 306 288
91 - 120 days	217 645 571	154 391 135	217 645 571	154 391 135
121 - 365 days	1 546 735 474	1 153 351 462	1 546 735 474	1 153 351 462
> 365 days	4 625 435 080	4 016 291 534	4 625 435 080	4 016 291 534
	7 722 352 330	6 196 962 519	7 722 352 330	6 196 962 519
Less: Allowance for impairment	(4 986 745 920)	(4 026 159 305)	(4 986 745 920)	(4 026 159 305)
	2 735 606 410	**2 170 803 214**	**2 735 606 410**	**2 170 803 214**
Less: Allowance for impairment				
Current (0 -30 days)	(541 212 216)	(300 453 616)	(541 212 216)	(300 453 616)
31 - 60 days	(167 317 569)	(136 364 801)	(167 317 569)	(136 364 801)
61 - 90 days	(151 961 838)	(111 943 197)	(151 961 838)	(111 943 197)
91 - 120 days	(140 545 668)	(100 889 684)	(140 545 668)	(100 889 684)
121 - 365 days	(998 811 823)	(753 678 407)	(998 811 823)	(753 678 407)
> 365 days	(2 986 896 806)	(2 622 829 601)	(2 986 896 806)	(2 622 829 601)
	(4 986 745 920)	**(4 026 159 306)**	**(4 986 745 920)**	**(4 026 159 306)**

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		Economic entity		Controlling entity	
Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

11. Consumer debtors' disclosure (continued)

Reconciliation of allowance for impairment					
Balance at beginning of the year		(4 026 159 305)	(3 568 155 078)	(4 026 159 305)	(3 568 155 078)
Contributions to allowance		(1 422 496 060)	(999 385 681)	(1 422 496 060)	(999 385 681)
Bad debts written off against allowance		461 909 445	541 381 454	461 909 445	541 381 454
		(4 986 745 920)	**(4 026 159 305)**	**(4 986 745 920)**	**(4 026 159 305)**
Reconciliation of allowance for impairment - Receivables from exchange and non-exchange					
Balance at beginning of the year		(4 026 159 305)	(3 568 155 078)	(4 026 159 305)	(3 568 155 078)
Contributions to allowance - Receivable from non-exchange transaction	9	(309 965 321)	(310 827 450)	(309 965 321)	(310 827 450)
Contributions to allowance - Receivable from exchange transaction	10	(1 112 530 739)	(688 558 231)	(1 112 530 739)	(688 558 231)
Bad debts written off - Receivable from non-exchange transaction	9	139 400 871	194 730 149	139 400 871	194 730 149
Bad debts written off - Receivable from exchange transaction	10	322 508 574	346 651 305	322 508 574	346 651 305
		(4 986 745 920)	**(4 026 159 305)**	**(4 986 745 920)**	**(4 026 159 305)**

Contribution of allowance for impairment - Receivable from non-exchange transaction includes VAT of R(5 367 598) : 2023: R(11 745 972) , amount recognised in Statement of Financial Performance is R304 597 723 : 2023: R299 081 478 Refer to note 42

Contribution of allowance for impairment - Receivable from exchange transaction includes VAT of R(145 112 705) : 2023: R(89 811 943) , amount recognised in Statement of Financial Performance is R967 418 034 : 2023: R598 746 287 Refer to note 42

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)	296 895 737	192 489 902	296 895 737	192 489 902
31 - 60 days	91 786 311	72 313 783	91 786 311	72 313 783
61 - 90 days	83 362 534	59 363 091	83 362 534	59 363 091
91 - 120 days	77 099 903	53 501 451	77 099 903	53 501 451
121 - 365 days	547 923 650	399 673 055	547 923 650	399 673 055
> 365 days	1 638 538 273	1 393 461 933	1 638 538 273	1 393 461 933
	2 735 606 408	**2 170 803 215**	**2 735 606 408**	**2 170 803 215**
The ageing of consumer debts impaired				
Current (0 -30 days)	541 212 216	300 453 616	541 212 216	300 453 616
31 - 60 days	167 317 569	136 364 801	167 317 569	136 364 801
61 - 90 days	151 961 838	111 943 197	151 961 838	111 943 197
91 - 120 days	140 545 668	100 889 684	140 545 668	100 889 684
121 - 365 days	998 811 823	753 678 407	998 811 823	753 678 407
> 365 days	2 986 896 806	2 622 829 601	2 986 896 806	2 622 829 601
	4 986 745 920	**4 026 159 306**	**4 986 745 920**	**4 026 159 306**

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

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	95 390	94 057	93 784	94 032
Bank balances	142 470 955	133 546 912	105 248 519	113 560 363
Short-term deposits	578 420 212	546 334 028	578 420 212	546 334 028
	720 986 557	**679 974 997**	**683 762 515**	**659 988 423**
Allocation of external investments (call and short-term deposits)				
BCMET	4 440 710	4 097 468	4 440 710	4 097 468
Own funding (operating account commitments)	573 979 502	542 236 560	573 979 502	542 236 560
	578 420 212	**546 334 028**	**578 420 212**	**546 334 028**
Call and short-term deposits per institution				
Absa (interest rate range 8.05% | 2023: 5.30% - 7.55%)	129 996 846	96 450 584	129 996 846	96 450 584
Nedbank (interest rate range 8.05% | 2023: 5.30% - 9.21%)	158 159 726	136 710 035	158 159 726	136 710 035
FNB (interest rate range 8.05% - 8.10% | 2023: 5.30% - 9.03%)	173 896 034	146 229 042	173 896 034	146 229 042
Standard Bank (interest rate range 8.05% | 2023: 6.66% - 9.00%)	59 798 858	118 327 146	59 798 858	118 327 146
Stanlib (interest rate range 8.05% - 8.10% | 2023: 7.78% - 7.78%)	52 128 038	44 519 753	52 128 038	44 519 753
BCMET: Absa - Standard Bank (interest rate range 8.05% | 2023 5.30% - 9.00%)	4 440 710	4 097 468	4 440 710	4 097 468
	578 420 212	**546 334 028**	**578 420 212**	**546 334 028**

There is a significant rise in interest rates between the 2023 and 2024 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 R17 990 691 (2023: R23 828 947)

Refer to note 30 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 2024	30 June 2023	30 June 2024	30 June 2023
STANDARD BANK - Primary Account - 081-166-702	82 062 029	98 200 640	82 783 848	(173 110 285)
STANDARD BANK - Market Account - 081-167-873	9 206 515	4 181 974	3 156 994	2 320 856
STANDARD BANK - Prism Account - 081-167-776	-	-	19 307 677	284 349 792
STANDARD BANK - Imprest Account 081-168-098	-	274	-	-
First National Bank - Public Sector Cheque Account - 620- 9871-7899	7 850 478	1 535 629	7 850 478	1 535 629
First National Bank - Commercial Money Market Account - 620-9871-9358	21 942 780	18 008 837	21 942 780	18 008 837
First National Bank - Public Sector Cheque Account - 629- 0192-1983	7 429 178	442 083	7 429 178	442 083
Total	**128 490 980**	**122 369 437**	**142 470 955**	**133 546 912**

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Notes to the Audited Consolidated Annual Financial Statements

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Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

13. Revaluation reserve

Opening balance	16 454 472 359	15 602 614 525	16 454 472 359	15 602 614 525
Change during the year	5 209 635 868	851 857 834	5 209 635 868	851 857 834
	21 664 108 227	**16 454 472 359**	**21 664 108 227**	**16 454 472 359**

14. Operating lease liability

Current liabilities	152 657	89 315	-	-

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.

15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	837 261 000	774 719 000	837 261 000	774 719 000
Non-current liabilities	(770 563 000)	(715 349 000)	(770 563 000)	(715 349 000)
Current liabilities	(66 698 000)	(59 370 000)	(66 698 000)	(59 370 000)
Net liability	**(837 261 000)**	**(774 719 000)**	**(837 261 000)**	**(774 719 000)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	774 719 000	854 876 000	774 719 000	854 876 000
Service cost	45 409 000	49 751 000	45 409 000	49 751 000
Interest cost	89 607 000	100 751 000	89 607 000	100 751 000
Remeasurements	(13 104 000)	(201 511 000)	(13 104 000)	(201 511 000)
Contributions / payments by employer	(59 370 000)	(29 148 000)	(59 370 000)	(29 148 000)
	837 261 000	**774 719 000**	**837 261 000**	**774 719 000**

Net expense recognised in the statement of financial performance are as follows:

Service cost	45 409 000	49 751 000	45 409 000	49 751 000
- Current service cost	45 409 000	49 751 000	45 409 000	49 751 000
Net interest on the net defined benefit liability	89 607 000	100 751 000	89 607 000	100 751 000
Remeasurements of the net defined benefit liability	-	-		
- Actuarial gains and losses arising from:	(13 104 000)	(201 511 000)	(13 104 000)	(201 511 000)
- Changes in financial assumptions	(10 213 000)	(121 412 000)	(10 213 000)	(121 412 000)
- Experience adjustments	(2 891 000)	(80 099 000)	(2 891 000)	(80 099 000)
Contributions / payments by employer	(59 370 000)	(29 148 000)	(59 370 000)	(29 148 000)
Net costs per Statement of Financial Performance 36	**62 542 000**	**(80 157 000)**	**62 542 000**	**(80 157 000)**

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

15. Employee benefit obligations (continued)

Post-retirement medical contribution amounts recognised in the statement of financial position

Present value of the defined benefit obligation	560 619 000	511 671 000	560 619 000	511 671 000

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	511 671 000	533 475 000	511 671 000	533 475 000
Service cost	21 896 000	22 208 000	21 896 000	22 208 000
Interest costs	62 565 000	63 160 000	62 565 000	63 160 000
Remeasurements	(15 017 000)	(86 291 000)	(15 017 000)	(86 291 000)
Contributions / payments by employer	(20 496 000)	(20 881 000)	(20 496 000)	(20 881 000)
	560 619 000	**511 671 000**	**560 619 000**	**511 671 000**

Net expense recognised in the statement of financial performance are as follows:

Service cost	21 896 000	22 208 000	21 896 000	22 208 000
- Current service cost	21 896 000	22 208 000	21 896 000	22 208 000
Net interest on the net defined benefit liability	62 565 000	63 160 000	62 565 000	63 160 000
Remeasurements of the net defined benefit liability	-	-		
- Actuarial gains and losses arising from:	(15 017 000)	(86 291 000)	(15 017 000)	(86 291 000)
- Changes in financial assumptions	(7 954 000)	(84 620 000)	(7 954 000)	(84 620 000)
- Experience adjustments	(7 063 000)	(1 671 000)	(7 063 000)	(1 671 000)
Contributions / payments by employer	(20 496 000)	(20 881 000)	(20 496 000)	(20 881 000)
	48 948 000	**(21 804 000)**	**48 948 000**	**(21 804 000)**

The best estimates for the employer benefit payments in the 2024/25 financial period is expected to be R25 097 000 (The actual employer benefit payments in the 2023/24 financial period was R20 496 000).

The municipality's defined benefit obligation as at 30 June 2024 was estimated to be R 560 619 000. Since there is no plan asset, this is also the municipality's net defined benefit liability. The current service cost was estimated to be R 21 896 000 for the year ending 30 June 2024, and R 23 180 000 for the ensuing year. Since there is no past service cost, the service cost is equal to the current service cost.

The municipality's 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.

The valuation method and assumptions do not affect the ultimate cost of the post-employment health care arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the defined benefit obligation and future service costs are recognised over time.

In estimating the net defined benefit liability for the post-employment health care benefits a number of assumptions are required.

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.23 %	12.47 %	12.23 %	12.47 %
CPI (Consumer Price Inflation)	6.21 %	6.58 %	6.21 %	6.58 %
Health care cost inflation rate	7.71 %	8.08 %	7.71 %	8.08 %
Net-of-health-care-cost-inflation discount rate	4.20 %	4.06 %	4.20 %	4.06 %
Maximum subsidy inflation rate	5.41 %	5.69 %	5.41 %	5.69 %
Net-of-maximum-subsidy-inflation discount rate	6.47 %	6.42 %	6.47 %	6.42 %
Continuation of membership at retirement	75.00 %	75.00 %	75.00 %	75.00 %
Proportion with a spouse dependent at retirement	60.00 %	60.00 %	60.00 %	60.00 %
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement	10.00 %	10.00 %	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) -1 with a 1% mortality improvement p.a. from 2010	PA(90) -1 with a 1% mortality improvement p.a. from 2010	PA(90) -1 with a 1% mortality improvement p.a. from 2010
Comparison of in-service members statistics				
Total number of eligible employees	5 067	5 234	5 067	5 234
Number of in-service members	3 407	3 388	3 407	3 388
Average age	47	46	46.8	46.3
Average past service	13.60	13.20	13.6	13.2
Average current value of post-employment subsidy p.m.	R 3 015	R 2 820	R 3 015	R 2 820
Comparison of in-service non-members statistics				
Number of in-service non-members	1 660	1 846	1 660	1846
Average age	47.5	46.7	47.5	46.7
Average past service	12.6	11.7	12.6	11.7
Average current value of post-employment subsidy p.m.	R 3 174	R 2 844	R 3 174	R 2 844
Continuation members				
Number of principal members	488	474	488	474
Proportion with a spouse dependent	38 %	38 %	38%	38%
Average age of members	72.8	73.0	72.8	73.0
Average subsidy per month	R 3 767	R 3 554	R 3 767	R 3 554

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

15. Employee benefit obligations (continued)

Sensitivity Results

The defined benefit obligation at the Valuation Date was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed medical aid contribution inflation rate;
- 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 defined benefit obligation (R Millions)

Assumption	Change	Eligible Employees	Continuation Members	Total	% change
Central assumptions		346.374	214.245	560.619	
Medical aid contribution inflation rate	+1%	378.475	227.239	605.714	8%
	-1%	308.084	201.039	509.123	-9%
Discount rate	+1%	297.925	199.182	497.107	-11%
	-1%	406.738	231.597	638.335	14%
Post-employment mortality	+1 yr	338.830	207.299	546.129	-3%
	-1 yr	353.712	221.199	574.911	3%
Average retirement age	-1 yr	383.788	214.245	598.033	7%
Membership continuation	-10%	300.190	214.245	514.435	-8%

Sensitivity analysis on current service and interest costs for year ending 30/06/2024

Assumption	Change	Current-Svc. Cost	Interest Cost	Total Cost	% change
Central assumptions		21 896 000	62 565 000	84 461 000	
Medical aid contribution 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%

Sensitivity analysis on current service and interest costs for year ending 30/06/2025

Assumption	Change	Current-Svc. Cost	Interest Cost	Total Cost	% change
Central assumptions		23 180 000	67 073 000	90 253 000	
Medical aid contribution inflation rate	+1%	25 559 000	72 582 000	98 141 000	9%
	-1%	20 287 000	60 782 000	81 069 000	-10%
Discount rate	+1%	19 730 000	64 159 000	83 889 000	-7%
	-1%	27 520 000	70 313 000	97 833 000	8%
Post-employment mortality	+1 yr	22 681 000	65 304 000	87 985 000	-3%
	-1 yr	23 665 000	68 818 000	92 483 000	2%
Average retirement age	-1 yr	24 680 000	71 594 000	96 274 000	7%
Membership continuation	-10%	20 093 000	61 447 000	81 540 000	-10%

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

15. Employee benefit obligations (continued)

History of Liabilities, Assets and Experience Adjustments (R millions)

The table below summarises the defined benefit obligation and the plan assets for the current period and previous periods.

Net Defined Benefit Liability History	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
Defined benefit obligation	454.831	512.157	533.474	511.671	560.619
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Net defined benefit liability	**454.831**	**512.157**	**533.474**	**511.671**	**560.619**

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 occurred.

Experience adjustments	Year ending 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Liabilities: (Gain) / Loss	(12.365)	55.349	50.570	(1.671)	(7.063)
Assets: Gain / (Loss)	0.000	0.000	0.000	0.000	0.000

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

15. Employee benefit obligations (continued)

Long service awards - Amounts recognised in the statement of financial position

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	276 642 000	263 048 000	276 642 000	263 048 000

Long service awards - Changes in the present value of the defined benefit obligation are as follows:

Opening balance	263 048 000	321 401 000	263 048 000	321 401 000
Service cost	23 513 000	27 543 000	23 513 000	27 543 000
Interest costs	27 042 000	37 591 000	27 042 000	37 591 000
Remeasurements	1 913 000	(115 220 000)	1 913 000	(115 220 000)
Contributions / payments by employer	(38 874 000)	(8 267 000)	(38 874 000)	(8 267 000)
	276 642 000	**263 048 000**	**276 642 000**	**263 048 000**

Long service awards - Net expense recognised in the statement of financial performance are as follows:				
Service cost	23 513 000	27 543 000	23 513 000	27 543 000
- Current service cost	23 513 000	27 543 000	23 513 000	27 543 000
Net interest on the net defined benefit liability	27 042 000	37 591 000	27 042 000	37 591 000
Remeasurements of the net defined benefit liability	-	-		
- Actuarial gains and losses arising from:	1 913 000	(115 220 000)	1 913 000	(115 220 000)
- Changes in financial assumptions	(2 259 000)	(36 792 000)	(2 259 000)	(36 792 000)
- Experience adjustments	4 172 000	(78 428 000)	4 172 000	(78 428 000)
Contributions / payments by employer	(38 874 000)	(8 267 000)	(38 874 000)	(8 267 000)
	13 594 000	**(58 353 000)**	**13 594 000**	**(58 353 000)**

Key assumptions used

The table below summarises the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year. The average expected remaining working-lifetime of eligible employees is 15.1 years (2022/23 : 15.6 years).

Assumptions used at the reporting date:				
Discount rate	11.08 %	11.08 %	11.08	11.08 %
CPI inflation rate	4.98 %	5.44 %	4.98	5.44 %
Normal salary increase rate	5.98 %	6.44 %	5.98	6.44 %
Net effective discount rate	4.57 %	4.36 %	4.57	4.36 %
Number of eligible employees	5 067	5 234	5 067	5 234

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 assumed 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 termination of service.

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

15. Employee benefit obligations (continued)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		276 642 000	
General earnings inflation rate	+1%	289 890 000	5%
	-1%	264 425 000	-4%
Discount rate	+1%	262 852 000	-5%
	-1%	291 858 000	6%
Average retirement age	+2 yrs	306 630 000	11%
	-2 yrs	246 059 000	-11%
Rates of termination of service	x2	230 880 000	-17%
	x0.5	306 393 000	11%

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%
Rates of termination of service	x2	18 300 000	22 085 000	40 385 000	-20%
	x0.5	27 110 000	30 300 000	57 410 000	14%

Sensitivity analysis on current service and interest costs for year ending 30/06/2025

Assumption	Change	Current-Svc. Cost	Interest Cost	Total	% change
Central assumptions		23 439 000	27 761 000	51 200 000	
General earnings inflation rate	+1%	24 802 000	29 195 000	53 997 000	5%
	-1%	22 193 000	26 439 000	48 632 000	-5%
Discount rate	+1%	22 249 000	28 699 000	50 948 000	0%
	-1%	24 760 000	26 688 000	51 448 000	0%
Average retirement age	+2 yrs	25 565 000	30 945 000	56 510 000	10%
	-2 yrs	21 208 000	24 516 000	45 724 000	-11%
Rates of termination of service	x2	18 476 000	22 840 000	41 316 000	-19%
	x0.5	26 816 000	30 965 000	57 781 000	13%

History of Liabilities, Assets and Experience Adjustments (R Millions)

The table below summarises the defined benefit obligation and the plan asset for the current period and the previous four periods.

Net Defined Benefit Liability History	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
Defined benefit obligation	229.986	275.058	321.401	263.048	276.642
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
(Deficit)	**229.986**	**275.058**	**321.401**	**263.048**	**276.642**

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 30/06/2020	Year ending 30/06/2021	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Defined benefit obligation: (Gain) / Loss	18.797	5.198	25.383	(78.428)	4.172
Assets: Gain / (Loss)	0.000	0.000	0.000	0.000	0.000

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
National Government Grants	26 189 128	11 480 457	13 966 292	10 126 655
Provincial Government Grants	7 180 860	6 763 755	7 180 860	6 763 755
Other Conditional Grants	2 318 446	1 808 826	2 318 446	1 808 826
Administrative Grants	253 912 264	235 125 652	253 912 264	235 125 652
	289 600 698	**255 178 690**	**277 377 862**	**253 824 888**

National Government	Unspent balance 2023	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2024
Financial Management Grant (FMG)	583	1 000 000	(995 426)	-	(3 339)	1 818
Neighbourhood Development Partnership Grant (NDPG)	15 028	10 000 000	-	(3 967 037)	(610 055)	5 437 936
Neighbourhood Development Partnership Grant (NDP) PEP	9 841 358	20 581 000	(25 744 624)	-	(4 676 387)	1 347
Programme and Project Preparation Support Grant(PPPSG)	717	12 908 000	(10 383 909)	-	(1 304 869)	1 219 939
Electricity Demand: Side Management Grant (EDSM)	0	-	-	-	-	-
Urban Settlement Development Grant (USDG)	65	618 034 000	(28 882 257)	(520 455 658)	(62 850 563)	5 845 587
Expanded Public Works Programme (EPWP)	985	6 093 000	(6 093 641)	-	-	344
Informal Settlements Upgrading Partnership Grant (ISUPG)	604	277 122 000	(22 946 548)	(238 791 423)	(14 079 440)	1 305 193
Infrastructure Skills Development Grant (ISDG)	113 422	10 770 000	(10 608 647)	(145 401)	(129 139)	235
Public Transport Network Grant (PTNG)	153 893	-	-	-	-	153 893
NDPG - Integrated Waste Management Grant - BCMDA	1 353 802	8 672 127	(2 913 820)	-	5 110 727	12 222 836
Total	**11 480 456**	**965 180 127**	**(108 568 872)**	**(763 359 519)**	**(78 543 065)**	**26 189 128**

Provincial Government	Unspent balance 2023	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2024
Transitional Grant	113 769	-	-	-	-	113 769
King William's Town: Grants Government	2 053	-	-	-	-	2 053
European Commission	1 440 013	120 637	-	-	-	1 560 650
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	213 707	17 974	-	-	-	231 681
Mdantsane Urban Renewal Project (Mount Ruth Node)	3 324 321	278 494	-	-	-	3 602 815
Ikhwezi Block 1 Development	175 288	-	-	-	-	175 288
Mdantsane Upgrade - MD Assessment Study	189 165	-	-	-	-	189 165
Needscamp Planning	937 253	-	-	-	-	937 253
Total	**6 763 755**	**417 105**	**-**	**-**	**-**	**7 180 860**

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

16. Unspent conditional grants and receipts (continued)

Other Conditional Grants	Unspent balance 2023	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2024
Buffalo City Metro Transport (BCMET) Funding	2 953	-	-	-	-	2 953
Friends of East London Zoo (Felzoo)	248 026	-	-	-	-	248 026
SALAIDA (Gavle)	31 359	28 035	(14 970)	-	-	44 424
Leiden	97 207	8 499	-	-	-	105 706
Umsobomvu Youth Fund	324 655	30 692	-	-	-	355 347
City of Oldenburg	1 104 626	457 364	-	-	-	1 561 990
Total	**1 808 825**	**524 590**	**(14 970)**	**-**	**-**	**2 318 446**

Administrative Grant	Unspent balance 2023	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / VAT transfers	Unspent balance 2024
Land Affairs - West Bank	126 460 777	10 096 538	-	-	-	136 557 315
Land Affairs - East Bank	108 664 875	8 690 074	-	-	-	117 354 949
Total	**235 125 653**	**18 786 612**	**-**	**-**	**-**	**253 912 264**

National Government (2023)	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
NDPG - Integrated Waste Management Grant - BCMDA	9 176 782	232 672	(329 172)	-	(7 726 480)	1 353 802
Total	**54 978 324**	**851 355 672**	**(121 994 813)**	**(696 267 486)**	**(76 591 241)**	**11 480 457**

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

16. Unspent conditional grants and receipts (continued)

Provincial Government (2023)	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
Total	**6 448 309**	**2 933 131**	**-**	**-**	**(2 617 685)**	**6 763 755**

Other Conditional Grants (2023)	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
SALAIDA (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
Total	**1 701 676**	**263 241**	**(156 092)**	**-**	**-**	**1 808 826**

Administrative Grant (2023)	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
Total	**220 354 013**	**14 771 640**	**-**	**-**	**-**	**235 125 652**

Though an amount of R277 377 862 is reported as unspent conditional grants, this figure includes the following:

An amount of R253 912 264 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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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

17. Borrowings

At amortised cost				
Annuity loans	108 607 631	138 853 808	108 607 631	138 853 808
Non-current liabilities				
At amortised cost	79 793 735	108 607 630	79 793 735	108 607 630
Current liabilities				
At amortised cost	28 813 896	30 246 178	28 813 896	30 246 178

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 8.26% (2023: 8.35%). Refer to note 40 for interest paid on borrowings.

The above loans relate to DBSA. These are unsecured loans paid bi-annually.

18. Finance lease obligation

Minimum lease payments due				
- within one year	177 147	-	-	-
- in second to fifth year inclusive	57 586	-	-	-
	234 733	-	-	-
less: future finance charges	(21 452)	-	-	-
Present value of minimum lease payments	**213 281**	**-**	**-**	**-**
Present value of minimum lease payments due				
- within one year	157 612	-	-	-
- in second to fifth year inclusive	55 669	-	-	-
	213 281	**-**	**-**	**-**
Non-current liabilities	55 669	-	-	-
Current liabilities	157 612	-	-	-
	213 281	**-**	**-**	**-**

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

19. Provisions

Reconciliation of provisions - Economic entity - 2024

	Opening Balance	Additions	Utilised during the year	Increase	Total
Landfill sites	417 747 743	11 597 759	-	-	429 345 502
Bonus provision	59 193 058	65 743 796	(61 593 150)	3 386 397	66 730 101
	476 940 801	**77 341 555**	**(61 593 150)**	**3 386 397**	**496 075 603**

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Additions	Utilised during the year	Increase	Total
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
	478 506 686	**58 389 881**	**(60 108 752)**	**152 986**	**476 940 801**

Reconciliation of provisions - Controlling entity - 2024

	Opening Balance	Additions	Utilised during the year	Increase	Total
Landfill sites	417 747 743	11 597 759	-	-	429 345 502
Bonus provision	58 206 753	64 672 807	(61 593 150)	3 386 397	64 672 807
	475 954 496	**76 270 566**	**(61 593 150)**	**3 386 397**	**494 018 309**

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Utilised during the year	Increase	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
	476 869 609	**58 389 881**	**(59 457 980)**	**152 986**	**475 954 496**

Non-current liabilities	111 144 162	89 746 342	111 144 162	89 746 342
Current liabilities	384 931 441	387 194 459	382 874 147	386 208 154
	496 075 603	**476 940 801**	**494 018 309**	**475 954 496**

The entity manages twelve landfill sites, of which ten are closed and two are active. The costs of rehabilitation include, inter alia, the application of final cover, topsoil, vegetating, drainage maintenance and leachate management, in order to comply with the "Minimum Requirements for Waste Disposal by Landfill", Second Edition 1998, Chapter 2.3.4, published by the Department of Water Affairs and Forestry".

For the ten closed sites, in consultation with management, and through inspection of the sites, it was determined that there had been no significant changes to the utilization of the sites from the prior year. Therefore, the present values of the costs of the rehabilitation of the sites calculated in 2023 were extended for the current year. These costs were adjusted to an estimated future cost using the Cost Price Adjustments Provisions (CPAP) work group publication (an inflation-based index appropriate to general earthworks), these were then discounted to present values using the municipality's borrowing rates.

For the two active sites, the extent of the work required given the current utilization of the sites was determined in consultation with management, measurements of the sites and remaining airspace, and on-site inspection of the facilities and compaction of waste. Based on this analysis, and with reference to current pricing information, unit rates for rehabilitation costs were determined as well as the expected remaining useful lives of the sites. These costs were then adjusted over the remaining useful lives of the sites and the anticipated rehabilitation period, using the CPAC rates, which were then discounted to present values using the municipality's borrowing rate.

Assumptions used

The Cost Price Adjustments Provisions (Statistical Release: P0151.1) was taken as 5.48% (2023: Consumer Price Index at 5.4%).

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		Economic entity		Controlling entity	
Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

19. Provisions (continued)

Interest rate used is BCMM's borrowing rate at 8.26% (2023: 8.35%).

Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 30 years.

Detailed valuations reports are available at the municipality's offices which give additional detail on the methodology used.

The valuation for the landfill site provision in 2024 was performed by a suitably qualified and experienced team, lead by T.McNeil, who is a member of the South African Institution of Civil Engineers – Member No. 20121055 and the Institute of Waste Management Southern Africa (IWMSA) Member No. 10111146.

The expense relating to the provision of bonus is included under note 36 Employee related costs. All staff is entitlied to a 13th cheque except the sec57 employees (Municipal Manager, CFO and HOD's). The 13th cheque is is paid in the month that the staff member completes a years service and then annually thereafter. For the calculation of bonus provision an assumption of 5% salary increase was used.

20. Trade payables from exchange transactions

Trade payables	23	1 073 095 731	986 482 294	1 070 560 312	986 002 823
Payments received in advanced	23	310 760 240	458 557 736	310 760 240	458 557 736
Retention monies	23	86 598 788	90 208 942	82 024 940	85 635 094
Accrued leave pay	23	148 526 988	130 188 029	148 526 988	130 188 029
Deposits received	23	11 406 393	6 719 659	11 405 393	6 719 659
Other creditors	23	101 902 611	106 512 964	99 504 893	104 110 204
VAT accrual on receivables	22	21 885 028	62 006 977	19 693 077	61 910 454
		1 754 175 779	**1 840 676 601**	**1 742 475 843**	**1 833 123 999**

21. Consumer deposits

Electricity	53 416 427	51 819 509	53 416 427	51 819 509
Water	33 721 216	31 796 978	33 721 216	31 796 978
	87 137 643	**83 616 487**	**87 137 643**	**83 616 487**

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 R87 137 643 (2023: R83 616 487).

22. VAT receivable

VAT accrual on payables	10	133 933 071	125 736 639	132 706 943	126 380 603
VAT control	10	49 847 072	43 779 987	49 729 899	43 752 605
VAT accrual on receivables	20	(21 885 028)	(62 006 977)	(19 693 077)	(61 910 454)
		161 895 115	**107 509 649**	**162 743 765**	**108 222 754**

The above VAT receivable amount is the net amount of total VAT input R843 031 550 (June 2023: R716 521 969) less total VAT output R823 094 146 (June 2023: R699 071 926).

VAT Output includes VAT on impaired debtors of R142 806 361 (2023: R90 772 711).

VAT on impaired debtors	142 806 361	90 772 711	142 806 361	90 772 711
Output VAT	(825 286 097)	(699 688 508)	(823 094 146)	(699 071 926)
	(682 479 736)	(608 915 797)	(680 287 785)	(608 299 215)
Input VAT	844 374 851	716 425 446	843 031 550	716 521 969
	161 895 115	**107 509 649**	**162 743 765**	**108 222 754**

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.

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

23. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2024

Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	296 319 657	296 319 657
Trade and other receivables from exchange transactions	10	1 962 740 146	1 962 740 146
Cash and cash equivalents	12	720 986 557	720 986 557
		2 980 046 360	**2 980 046 360**

Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	310 760 240	310 760 240
Borrowings: Other financial liabilities	17	-	108 607 631	108 607 631
Trade and other payables from exchange transactions	20	-	1 261 597 130	1 261 597 130
Consumer deposits	21	87 137 643	-	87 137 643
Other deposits	20	11 406 393	-	11 406 393
		98 544 036	**1 680 965 001**	**1 779 509 037**

Economic entity - 2023

Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	197 105 651	197 105 651
Trade and other receivables from exchange transactions	10	1 774 137 701	1 774 137 701
Cash and cash equivalents	12	679 974 997	679 974 997
		2 651 218 349	**2 651 218 349**

Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	458 557 736	458 557 736
Borrowings: Other financial liabilities	17	-	138 853 808	138 853 808
Trade and other payables from exchange transactions	20	-	1 183 204 200	1 183 204 200
Consumer deposits	21	83 616 487	-	83 616 487
Other deposits	20	6 719 659	-	6 719 659
		90 336 146	**1 780 615 744**	**1 870 951 890**

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		Economic entity		Controlling entity	
Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

23. Financial instruments disclosure (continued)

Controlling entity - 2024

Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	296 319 657	296 319 657
Trade and other receivables from exchange transactions	10	1 961 285 117	1 961 285 117
Cash and cash equivalents	12	683 762 515	683 762 515
		2 941 367 289	**2 941 367 289**

Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	310 760 240	310 760 240
Borrowings: Other financial liabilities	17	-	108 607 631	108 607 631
Trade and other payables from exchange transactions	20	-	1 252 090 145	1 252 090 145
Consumer deposits	21	87 137 643	-	87 137 643
Other deposits	20	11 405 393	-	11 405 393
		98 543 036	**1 671 458 016**	**1 770 001 052**

Controlling entity - 2023

Financial assets

		At amortised cost	Total
Other receivables from non-exchange transactions	9	197 105 651	197 105 651
Trade and other receivables from exchange transactions	10	1 779 247 992	1 779 247 992
Cash and cash equivalents	12	659 988 423	659 988 423
		2 636 342 066	**2 636 342 066**

Financial liabilities

		At fair value	At amortised cost	Total
Payments received in advance	20	-	458 557 736	458 557 736
Borrowings: Other financial liabilities	17	-	138 853 808	138 853 808
Trade and other payables from exchange transactions	20	-	1 175 748 121	1 175 748 121
Consumer deposits	21	83 616 487	-	83 616 487
Other deposits	20	6 719 659	-	6 719 659
		90 336 146	**1 773 159 665**	**1 863 495 811**

Financial instruments in Statement of financial performance

Economic entity - 2024

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	30	328 377 833	328 377 833
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	40	(46 210 625)	(46 210 625)
Impairment loss	42	(1 336 717 876)	(1 336 717 876)
		(1 054 550 668)	**(1 054 550 668)**

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

23. Financial instruments disclosure (continued)

Economic entity - 2023

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	30	247 427 353	247 427 353
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	40	(48 316 216)	(48 316 216)
Impairment loss	42	(956 485 680)	(956 485 680)
		(757 374 543)	**(757 374 543)**

Controlling entity - 2024

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	30	326 691 825	326 691 825
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	40	(46 183 512)	(46 183 512)
Debt impairment	42	(1 336 717 876)	(1 336 717 876)
		(1 056 209 563)	**(1 056 209 563)**

Controlling entity - 2023

		At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	30	246 310 345	246 310 345
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	40	(48 316 033)	(48 316 033)
Debt impairment	42	(956 485 680)	(956 485 680)
		(758 491 368)	**(758 491 368)**

24. Revenue

Service charges	4 333 828 824	3 627 140 895	4 333 828 824	3 627 140 895
Construction contracts	91 712 399	88 113 517	91 712 399	88 113 517
Rental of facilities and equipment	23 226 131	24 500 929	23 136 005	24 500 929
Agency services	18 764 272	21 870 747	18 764 272	21 870 747
Licences and permits (non-exchange)	-	-	13 697 831	12 216 036
Total other revenue	83 056 771	75 330 491	83 056 471	74 995 184
Interest received	328 377 833	247 427 353	326 691 825	246 310 345
Property rates	2 127 633 956	1 784 853 533	2 127 633 956	1 784 853 533
Interest (non-exchange)	112 362 090	85 675 639	112 362 090	85 675 639
Government grants & subsidies	2 130 198 037	1 936 173 537	2 122 290 044	1 925 040 153
Levies	97 920 061	86 302 838	97 920 061	86 302 838
Public contributions and donations	22 409 060	4 160 425	22 409 060	4 160 425
Fines	65 437 669	65 631 493	65 437 669	65 631 493
Fuel levy	741 926 000	719 203 000	741 926 000	719 203 000
	10 176 853 103	**8 766 384 397**	**10 180 866 507**	**8 766 014 734**

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

Service charges	4 333 828 824	3 627 140 895	4 333 828 824	3 627 140 895
Construction contracts	91 712 399	88 113 517	91 712 399	88 113 517
Rental of facilities and equipment	23 226 131	24 500 929	23 136 005	24 500 929
Agency services	18 764 272	21 870 747	18 764 272	21 870 747
Total other revenue	83 056 771	75 330 491	83 056 471	74 995 184
Interest received	328 377 833	247 427 353	326 691 825	246 310 345
	4 878 966 230	**4 084 383 932**	**4 877 189 796**	**4 082 931 617**

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

24. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Property rates	2 127 633 956	1 784 853 533	2 127 633 956	1 784 853 533
Licences and permits (non-exchange)	13 697 831	12 216 036	13 697 831	12 216 036
Interest (non-exchange)	112 362 090	85 675 639	112 362 090	85 675 639
Transfer revenue				
Government grants & subsidies	2 130 198 037	1 936 173 537	2 122 290 044	1 925 040 153
Levies	97 920 061	86 302 838	97 920 061	86 302 838
Public contributions and donations	22 409 060	4 160 425	22 409 060	4 160 425
Fines	65 437 669	65 631 493	65 437 669	65 631 493
Fuel levy	741 926 000	719 203 000	741 926 000	719 203 000
	5 311 584 704	**4 694 216 501**	**5 303 676 711**	**4 683 083 117**
Fines are made up as follows:				
Traffic fines movement	(9 906 594)	(4 594 989)	(9 906 594)	(4 594 989)
Revenue received	76 025 788	70 226 482	76 025 788	70 226 482
	66 119 194	**65 631 493**	**66 119 194**	**65 631 493**

Total fines outstanding at 30 June 2024 is R184 462 867 (R253 081 624 : 2023) after eliminating untraceable and collected fines. A probability factor of 15% (15% : 2023) collection of total outstanding fines was calculated resulting in a traffic fines debtor amount of R27 084 560 (R37 045 180 : 2023). 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

In 2024 the City received donations in relation to electricity infrastructure amounting to R22 409 060. In 2023 the City received donations in relation to electricity infrastructure of R3 075 369, traffic vehicles of R953 185 and computer equipment to the value of R131 872.

25. Service charges

Sale of electricity	2 320 728 479	2 016 953 022	2 320 728 479	2 016 953 022
Sale of water	930 012 826	654 717 632	930 012 826	654 717 632
Sewerage and sanitation charges - Non Pans	415 334 030	378 863 429	415 334 030	378 863 429
Sewerage and sanitation charges - Pans	137 842 247	105 059 219	137 842 247	105 059 219
Refuse removal	470 948 276	416 513 873	470 948 276	416 513 873
Other service charges	101 430 271	85 974 274	101 430 271	85 974 274
Less: Income forgone - Sale of water	(33 376 570)	(30 940 554)	(33 376 570)	(30 940 554)
Less: Income forgone - Sewerage - Pans	(9 090 735)	-	(9 090 735)	-
	4 333 828 824	**3 627 140 895**	**4 333 828 824**	**3 627 140 895**

26. Rental of facilities and equipment

Facilities and equipment				
Rental of facilities	23 226 131	24 500 929	23 136 005	24 500 929

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

27. Construction contract

Amount of contract revenue recognised in revenue	-	-	(91 712 400)	(88 113 517)
Aggregate amount of costs recognised in surplus	-	-	91 712 400	88 113 517
Amount received in advance recognised under Trade and other payables - Payments received in advanced	-	-	(26 150 092)	(75 892 627)
Amounts paid in advance recognised under Receivables from exchange transactions - Accrued income	-	-	355 140 989	400 696 989
	-	**-**	**328 990 897**	**324 804 362**

The Eastern Cape Department of Human Settlement in partnership with the City, implemented the construction of houses by appointing consultants and contractors to undertake the construction on behalf of the City. No commission is earned by the City on the implementation of this arrangement.

28. Agency services

Vehicle Registration	18 764 272	21 870 747	18 764 272	21 870 747

29. Other revenue - (exchange)

Admission fees	2 616 264	2 410 828	2 616 264	2 410 828
Cemetery fees	8 437 931	8 602 274	8 437 931	8 602 274
Commission	35 293 087	32 945 213	35 293 087	32 945 213
Coupons and clip tickets	332 537	317 517	332 537	317 517
Grazing fees	102 919	52 787	102 919	52 787
Insurance	8 099 989	5 635 947	8 099 989	5 635 947
Plan approval fees	9 617 260	9 561 794	9 617 260	9 561 794
Private works	2 250 135	2 304 618	2 250 135	2 304 618
Tender receipts	1 841 869	430 094	1 841 569	430 094
Sale of plants and animals	6 014	16 916	6 014	16 916
Sale of scrap waste	770 178	2 232 746	770 178	2 232 746
Street frontage and administration fees	104 231	81 757	104 231	81 757
Sundry income	11 728 078	7 758 585	11 728 078	7 423 278
Town planning and sub-division fees	1 823 819	2 959 742	1 823 819	2 959 742
Vehicle registrations	32 460	19 673	32 460	19 673
	83 056 771	**75 330 491**	**83 056 471**	**74 995 184**

30. Interest received

Interest revenue				
Call accounts with financial institutions	23 944 707	28 680 193	23 944 707	28 680 193
Bank	27 685 273	18 979 654	25 999 265	17 862 646
Interest charged on trade and other receivables	276 747 853	199 767 506	276 747 853	199 767 506
	328 377 833	**247 427 353**	**326 691 825**	**246 310 345**

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

31. Property rates

Rates received

Agricultural	15 099 189	10 843 908	15 099 189	10 843 908
Commercial	946 146 359	705 537 543	946 146 359	705 537 543
Industrial	77 355 804	155 621 739	77 355 804	155 621 739
Mining	156 957	258 342	156 957	258 342
Public Benefit Organisation	2 643 600	1 084 583	2 643 600	1 084 583
Public Service Infrastructure	1 991 154	750 798	1 991 154	750 798
Public Service Purpose	106 786 980	95 764 623	106 786 980	95 764 623
Residential	974 037 421	792 860 074	974 037 421	792 860 074
Vacant land	123 608 583	88 047 274	123 608 583	88 047 274
Less: Income forgone	(120 192 091)	(65 915 351)	(120 192 091)	(65 915 351)
	2 127 633 956	**1 784 853 533**	**2 127 633 956**	**1 784 853 533**

Valuations

Agricultural	4 654 991 100	3 111 382 222
Commercial	29 357 566 690	22 650 767 500
Industrial	2 073 290 212	4 437 396 000
Mining	4 400 000	11 460 000
Public Benefit Organisation	724 466 500	265 283 000
Public Service Infrastructure	976 473 700	276 264 500
Public Service Purpose	4 736 121 200	4 543 498 900
Residential	82 709 506 325	64 239 508 059
Vacant land	3 922 417 300	3 112 925 620
	129 159 233 027	**102 648 485 801**

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. BCMM implemented its 4th General Valuation on 1 July 2023 with the Valuation date being 1 July 2022. The valuation roll is valid for a period of four years in terms of Section 32 (1)(b)(i) 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 increase in the total valuation for 2023/2024 financial year is due to valuation of all properties within BCMM as at 1 July 2022 and the implementation thereof on 1 July 2023.

Tariffs levied: cents in the rand

Agricultural	0.003567	0.003567
Business and Commercial	0.035672	0.035672
Industrial	0.035672	0.035672
Mining	0.035672	0.035672
Public Benefit Organisation	0.003567	0.003567
Public Service Infrastructure	0.003567	0.003567
Public Service Purpose	0.022831	0.022831
Residential	0.014269	0.014269
Vacant land	0.042806	0.042806

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

31. 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) Economic development rebate

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 %
	75.0 %	**75.0 %**

3) Senior citizens

In order to qualify for a rebate, a senior citizen must meet the following requirements:

(i) Be the owner of a property categorised as residential
(ii) The applicant must be the registered owner of the property and occupy the property as his/her primary residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse and/or minor children must occupy the property
(iii) The retired person must be at least 60 years of age.
(iv) If the retired person turns 60 during the financial year, the rebate will be granted with effect from the next billing cycle following the date on which the application is received.
(v) Submit an application for the 2023/24 financial year and thereafter when the age category changes.

Senior citizens will be categorized into three age groups and a percentage rebate will be applied according to the age category as follows:

Age group	% rebate
60 - 64 years	40.0%
65 - 74 years	62.5%
75 years and upwards	85.0%

4) On application, Public Benefit Organisations (PBO's) as defined in the Municipal Property Rates Act and BCMM's Rates Policy are granted rebates.

5) Section 17 of the MPRA lists other impermissible rates, where a entity may not levy a rate and the following were applied:

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.

32. Licences and permits (non-exchange)

Dog	1 031 217	1 080 301	1 031 217	1 080 301
Trading	267 182	217 073	267 182	217 073
Road transport	12 399 432	10 918 662	12 399 432	10 918 662
	13 697 831	**12 216 036**	**13 697 831**	**12 216 036**

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated
33. Interest (non-exchange)				
Interest - Receivables	112 362 090	85 675 639	112 362 090	85 675 639
34. Government grants & subsidies				
Operating grants				
Government grants - operating projects	109 457 312	125 613 811	109 457 312	126 899 349
Other Government grants and subsidies	1 174 397 709	1 065 539 270	1 174 397 709	1 065 539 270
LG SETA Grant - BCMDA	46 980	47 080	-	-
Neighbourhood Development Programme Grant - BCMDA	2 913 820	329 173	-	-
Public Employment Programme - BCMDA	599 367	12 042 669	-	-
Eastern Cape Development Corporation Grant - BCMDA	4 347 826	-	-	-
	1 291 763 014	**1 203 572 003**	**1 283 855 021**	**1 192 438 619**
Capital grants				
Government grant (capital: PPE)	838 435 023	732 601 534	838 435 023	732 601 534
	2 130 198 037	**1 936 173 537**	**2 122 290 044**	**1 925 040 153**
35. Other revenue - (non-exchange)				
Fire levy	97 920 061	86 302 838	97 920 061	86 302 838

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		Economic entity 2024	Economic entity 2023 *Restated	Controlling entity 2024	Controlling entity 2023 *Restated
36. Employee related costs					
Basic emoluments		1 653 584 097	1 578 129 742	1 621 589 882	1 555 329 333
Car allowance		46 503 000	43 014 277	46 443 000	42 954 277
Bonus		752 236	-	-	-
Employee benefit obligation net cost	15	62 542 000	(80 157 000)	62 542 000	(80 157 000)
Essential user cost		29 379 473	30 584 405	29 379 473	30 584 405
Group life		10 006 748	9 817 782	10 006 748	9 817 782
Housing benefits and allowances		11 862 479	11 661 777	11 850 479	11 613 777
Leave pay contributions (Leave pay provision charge)		48 607 070	49 655 886	48 067 475	49 077 011
Long-service awards		40 224 305	37 622 986	40 224 305	37 622 986
Medical aid contributions		121 656 483	114 916 023	121 652 727	114 916 023
Other allowances		75 635 528	72 031 954	75 635 528	72 031 954
Overtime payments		164 006 870	156 955 855	164 006 870	156 955 855
Pension fund contributions		310 494 339	299 320 254	309 166 890	298 152 787
UIF		11 387 236	11 584 985	11 166 007	11 434 029
WCA		199 716	286 309	-	-
SDL		227 636	259 493	-	-
13th Cheques		139 475 782	127 793 915	138 684 927	127 188 376
Less: Employee costs capitalised to Water inventory		(32 928 262)	(37 744 858)	(32 928 262)	(37 744 858)
		2 693 616 736	**2 425 733 785**	**2 657 488 049**	**2 399 776 737**
Remuneration of City Manager					
Annual remuneration		1 471 086	547 515	1 471 086	547 515
Allowance		650 675	285 095	650 675	285 095
UIF		2 125	1 063	2 125	1 063
Medical aid		63 129	20 028	63 129	20 028
Pension contributions		264 795	88 632	264 795	88 632
		2 451 810	**942 333**	**2 451 810**	**942 333**

The position was vacant and the new incumbent was appointed 13 February 2023.

Remuneration of Chief Financial Officer					
Annual remuneration		1 176 869	1 176 869	1 176 869	1 176 869
Travel allowance		356 991	347 806	356 991	347 806
Allowance		139 079	173 431	139 079	173 431
UIF		2 125	2 125	2 125	2 125
Medical aid		63 129	60 084	63 129	60 084
Pension contributions		211 836	211 836	211 836	211 836
Group life		11 418	11 113	11 418	11 113
		1 961 447	**1 983 264**	**1 961 447**	**1 983 264**
Remuneration of HOD: Executive Support Services					
Annual remuneration		1 171 861	1 171 861	1 171 861	1 171 861
Travel allowance		242 766	242 766	242 766	242 766
Allowance		275 552	298 948	275 552	298 948
UIF		2 125	2 125	2 125	2 125
Medical aid		32 810	31 687	32 810	31 687
Pension contributions		210 935	210 935	210 935	210 935
Group life		17 051	16 595	17 051	16 595
		1 953 100	**1 974 917**	**1 953 100**	**1 974 917**

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

36. Employee related costs (continued)

Remuneration of HOD: Human Settlements

Annual remuneration	1 176 869	1 176 869	1 176 869	1 176 869
Travel allowance	357 823	348 638	357 823	348 638
Allowance	125 484	160 177	125 484	160 177
UIF	2 125	2 125	2 125	2 125
Medical aid	63 129	60 084	63 129	60 084
Pension contributions	211 836	211 836	211 836	211 836
Group life	24 182	23 535	24 182	23 535
	1 961 448	**1 983 264**	**1 961 448**	**1 983 264**

Remuneration of HOD: Corporate Services

Annual remuneration	1 171 860	1 171 861	1 171 860	1 171 861
Travel allowance	240 000	240 000	240 000	240 000
Allowance	268 081	284 733	268 081	284 733
UIF	2 125	2 125	2 125	2 125
Medical aid	42 521	47 686	42 521	47 686
Pension contributions	228 513	228 513	228 513	228 513
	1 953 100	**1 974 918**	**1 953 100**	**1 974 918**

Remuneration of HOD: Public Safety & Emergency Services

Annual remuneration	980 724	784 579	980 724	784 579
Travel allowance	298 188	-	298 188	-
Allowance	139 165	387 643	139 165	387 643
UIF	1 771	1 417	1 771	1 417
Medical aid	28 622	-	28 622	-
Pension contributions	176 530	148 537	176 530	148 537
Group life	9 539	-	9 539	-
	1 634 539	**1 322 176**	**1 634 539**	**1 322 176**

The position became vacant 01 March 2023. Acting allowance to the value of R21 451 was paid in the 2023/24 financial year in respect of this position. The new incumbent was appointed 01 September 2023.

Remuneration of HOD: Infrastructure Services

Annual remuneration	327 617	1 171 861	327 617	1 171 861
Travel allowance	54 000	168 000	54 000	168 000
Allowance	84 177	356 804	84 177	356 804
UIF	708	2 125	708	2 125
Medical aid	10 903	31 019	10 903	31 019
Pension contributions	63 885	228 513	63 885	228 513
Group life	4 737	16 595	4 737	16 595
	546 027	**1 974 917**	**546 027**	**1 974 917**

The position became vacant 12 October 2023. Acting allowance to the value of R16 890 was paid in the 2023/24 financial year in respect of this position.

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

36. Employee related costs (continued)

Remuneration of HOD: Development and Spatial Planning

Annual remuneration	292 965	1 171 861	292 965	1 171 861
Travel allowance	48 000	192 000	48 000	192 000
Allowance	78 651	338 333	78 651	338 333
UIF	531	2 125	531	2 125
Medical aid	8 177	31 019	8 177	31 019
Pension contributions	57 128	228 513	57 128	228 513
Group life	2 822	11 066	2 822	11 066
	488 274	**1 974 917**	**488 274**	**1 974 917**

The position became vacant 01 October 2023. Acting allowance to the value of R10 907 was paid in the 2023/24 financial year in respect of this position.

Remuneration of HOD: Solid Waste and Environmental Health

Annual remuneration	1 176 869	1 176 869	1 176 869	1 176 869
Travel allowance	264 000	264 000	264 000	264 000
Allowance	262 546	288 313	262 546	288 313
UIF	2 125	2 125	2 125	2 125
Medical aid	44 071	40 120	44 071	40 120
Pension contributions	211 836	211 836	211 836	211 836
	1 961 447	**1 983 263**	**1 961 447**	**1 983 263**

Remuneration of HOD: Economic Development & Agencies

Annual remuneration	1 176 869	1 176 869	1 176 869	1 176 869
Travel allowance	356 991	347 806	356 991	347 806
Allowance	188 988	220 831	188 988	220 831
UIF	2 125	2 125	2 125	2 125
Medical aid	24 638	23 796	24 638	23 796
Pension contributions	211 836	211 836	211 836	211 836
	1 961 447	**1 983 263**	**1 961 447**	**1 983 263**

Remuneration of HOD: Sport, Recreation & Community Development

Annual remuneration	1 176 869	784 579	1 176 869	784 579
Travel allowance	356 991	231 871	356 991	231 871
Allowance	177 570	139 812	177 570	139 812
UIF	2 125	1 417	2 125	1 417
Medical aid	24 638	15 864	24 638	15 864
Pension contributions	211 836	141 224	211 836	141 224
Group life	11 418	7 409	11 418	7 409
	1 961 447	**1 322 176**	**1 961 447**	**1 322 176**

This is a new directorate. The Incumbent was appointed 01 November 2022.

Remuneration of Chief Operations Officer

Annual remuneration	944 213	-	944 213	-
Travel allowance	320 000	-	320 000	-
Allowance	109 904	-	109 904	-
UIF	1 417	-	1 417	-
Medical aid	21 308	-	21 308	-
Pension contributions	169 958	-	169 958	-
Other	6 888	-	6 888	-
	1 573 688	**-**	**1 573 688**	**-**

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

36. Employee related costs (continued)

The position is new and the incumbent was appointed 01 November 2023.

BCMDA - Remuneration of Executive Management

Remuneration - Chief Executive Officer (A Gqoboka) (appointed 1 January 2024)

Annual remuneration	1 356 916	1 491 966	-	-
Performance bonuses	69 030	-	-	-
Contributions to UIF, Medical and Pension Funds	24 739	165 424	-	-
Settlement cost	-	4 950 000	-	-
	1 450 685	**6 607 390**	**-**	**-**

In the prior year 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. A permanent CEO was appointed on the 1st January 2024.

Remuneration - Chief Financial Officer

Annual remuneration	1 326 222	1 368 381	-	-
Car allowance	110 000	-	-	-
Performance bonuses	78 767	-	-	-
Contributions to UIF, Medical and Pension Funds	150 364	137 106	-	-
	1 665 353	**1 505 487**	**-**	**-**

Remuneration - Acting Chief Financial Officer

Annual remuneration	7 735	4 042	-	-
Contributions to UIF, Medical and Pension Funds	78	40	-	-
	7 813	**4 082**	**-**	**-**

Mr. S Peter was appointed as an Acting Chief Financial Officer up until the 14th August 2023, then a permanent Chief Financial Officer was appointed on the 15th August 2023. She carried on with her duties until the 22nd of May 2024 where Miss. S Mgudlwa was appointed as the Acting Chief Financial Officer from the 23rd of May 2024.

Remuneration - Interim Chief Executive Officer

Annual remuneration	32 556	633 590	-	-
Contributions to UIF, Medical and Pension Funds	288	531	-	-
	32 844	**634 121**	**-**	**-**

Mr. S Peter was appointed as Interim Chief Executive Officer effective 16th of August 2023, up until 31 December 2023, in the prior year Mr. N van Wyk was appointed as an interim Chief Executive Officer for the periods 1 November 2022 until 25 January 2023.

Remuneration - Interim Chief Executive Officer (M Sibam) (appointed 26 January 2023 - 15 August 2023)

Annual remuneration	343 046	1 179 711	-	-
Contributions to UIF, Medical and Pension Funds	354	886	-	-
	343 400	**1 180 597**	**-**	**-**

Remuneration - Executive Manager: Corporate Services (appointed 1 November 2023)

Annual remuneration	1 257 487	2 426 978	-	-
Performance bonuses	85 157	-	-	-
Contributions to UIF, Medical and Pension Funds	1 417	53 220	-	-
	1 344 061	**2 480 198**	**-**	**-**

In the 2022/23 financial year, the Agency reached an out of court settlement with the Executive Manager: Corporate Services and his contract was terminated as at 30 June 2023. A permanent candidate was appointed on the 1 November 2023.

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated
36. Employee related costs (continued)				
Remuneration - Executive Manager: Strategy & Risk (appointed 1 October 2022)				
Annual remuneration	1 561 560	1 126 125	-	-
Performance bonuses	85 800	-	-	-
Contributions to UIF, Medical and Pension Funds	156 565	112 969	-	-
	1 803 925	**1 239 094**	**-**	**-**
Remuneration - Chief Investment Officer (appointed 11 July 2022 - 31 July 2023)				
Annual remuneration	133 896	1 495 723	-	-
Contributions to UIF, Medical and Pension Funds	177	154 345	-	-
	134 073	**1 650 068**	**-**	**-**

The Chief Investment Officer was dismissed on the 31 July 2023 and an out of court settlement was reached.

Remuneration - Executive Manager: Property Planning, Development and Management (appointed 11 July 2022)				
Annual remuneration	131 556	1 501 525	-	-
Contributions to UIF, Medical and Pension Funds	12 640	151 683	-	-
	144 196	**1 653 208**	**-**	**-**

The Executive Manager: Property Planning, Development and Management was dismissed on the 31 July 2023 and the case is currently in court for arbitration.

Remuneration - Acting Executive: Corporate Services				
Annual remuneration	13 246	35 078	-	-

Ms M Zokufa was appointed as Acting Executive: Corporate Services effective on 3rd August 2023 - 31st October 2023, taking over from Mrs F Goniwe.

A Ntshokoma (Acting Executive Manager: Property Planning, Development and Management)				
Annual remuneration	24 942	-	-	-

Remuneration - Company Secretary & Legal Services Manager (appointed 1 December 2023 - 6 May 2024)				
Annual remuneration	626 471	1 082 232	-	-
Contributions to UIF, Medical and Pension Funds	1 063	109 159	-	-
	627 534	**1 191 391**	**-**	**-**

The Company Secretary was appointed on 1 December 2023, and then resigned on the 6 May 2024.

BCMDA - Remuneration of Executive Management	7 592 072	18 180 714	-	-
Economic entity employee related cost	2 693 616 736	2 425 733 785	2 657 488 049	2 399 776 737
	2 701 208 808	**2 443 914 499**	**2 657 488 049**	**2 399 776 737**

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

37. Remuneration of councillors/directors

Executive Major	900 811	896 189	900 811	896 189
Deputy Executive Mayor	-	535 400	-	535 400
Mayoral Committee Members	6 005 564	6 016 755	6 005 564	6 016 755
Speaker	727 512	727 512	727 512	727 512
Chief Whip	685 305	644 244	685 305	644 244
Councillors' salaries	30 427 602	30 858 967	30 427 602	30 858 967
Councillors' pension contribution	4 196 058	4 192 617	4 196 058	4 192 617
Councillors' housing subsidy	14 772 570	14 372 268	14 772 570	14 372 268
Councillors' medical aid	1 714 810	1 634 503	1 714 810	1 634 503
Cellphone Allowance	4 561 162	4 084 016	4 561 162	4 084 016
Travel allowance	4 975 983	5 166 613	4 975 983	5 166 613
Board fees	1 992 201	2 470 523	-	-
	70 959 578	**71 599 607**	**68 967 377**	**69 129 084**

Board fees 2024	**Board remuneration**	**Re-imbursive Costs**	**Total**
Ms N Pietersen (Chairperson)	158 500	-	158 500
Mr N van Wyk	94 500	-	94 500
Ms A Kumbaca	273 000	10 139	283 139
Ms N Ndevu-Sakube	267 000	450	267 450
Mr S Toni	262 000	6 135	268 135
Mr M Sibam	180 500	-	180 500
Mr M Dilima (Acting Chairperson)	238 000	-	238 000
Mrs N Madikizela-Renene	290 500	-	290 500
Mrs Z Faku	211 000	477	211 477
	1 975 000	**17 201**	**1 992 201**

Board fees 2023	**Board remuneration**	**Re-imbursive Costs**	**Total**
Mr T Bonakele	70 500	-	70 500
Ms S Booi	71 500	-	71 500
Ms T Buswana	69 500	-	69 500
Mr B Canning	31 000	-	31 000
Mrs T Godogwana	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	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
	2 423 000	**47 523**	**2 470 523**

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		Economic entity		Controlling entity	
Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

37. Remuneration of councillors/directors (continued)

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Cost of secretarial support amounts to R24 099 710 (2023: R34 587 137).

The Housekeeper appointed to maintain the Mayoral house cost to Council amounts to R50 771 (2023: R346 596).

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 R234 642 (2023: R382 100). An amount of R2 467 823 (2023: R4 516 082) was incurred for hired vehicles.

The Executive Mayor, Deputy Executive Mayor and Speaker each have full-time bodyguards. Cost of 9 bodyguards amounts to R9 283 674 (2023: R12 852 173).

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.

38. Inventory consumed

Water	255 543 395	248 719 270	255 543 395	248 719 270
Other inventory	81 412 649	102 146 740	81 379 878	102 110 682
	336 956 044	**350 866 010**	**336 923 273**	**350 829 952**

39. Depreciation and amortisation

Property, plant and equipment	4	1 889 879 653	1 894 394 996	1 889 247 308	1 893 800 500
Intangible assets	5	1 993 063	2 200 918	1 541 980	1 965 955
		1 891 872 716	**1 896 595 914**	**1 890 789 288**	**1 895 766 455**

40. Finance costs

Borrowings	11 564 956	16 074 877	11 564 956	16 074 877
Unwinding of interest on provisions	34 618 556	32 241 156	34 618 556	32 241 156
Finance leases	27 113	-	-	-
Bank	-	183	-	-
	46 210 625	**48 316 216**	**46 183 512**	**48 316 033**

Refer to note 17 Borrowings relating to finance cost.

41. Auditors' remuneration

Fees	23 917 137	25 752 648	22 982 780	24 863 782

42. Debt impairment

Contributions to debt impairment - Exchange	11	966 736 509	598 746 287	966 736 509	598 746 287
Contributions to debt impairment - Non-exchange	11	369 981 367	357 739 393	369 981 367	357 739 393
		1 336 717 876	**956 485 680**	**1 336 717 876**	**956 485 680**

43. Bulk purchases

Electricity - Eskom	2 273 928 751	1 936 962 683	2 273 928 751	1 936 962 683
Electricity usage - Water treatment	(21 573 308)	(24 728 952)	(21 573 308)	(24 728 952)
	2 252 355 443	**1 912 233 731**	**2 252 355 443**	**1 912 233 731**

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

43. Bulk purchases (continued)

Electricity losses

Description	2024 Amount (R)	%	2023 Amount (R)	%
Technical	233 335 557	10.00	193 696 268	10.00
Non-technical	322 680 510	14.20	181 744 874	9.21
	556 016 067	**24.20**	**375 441 142**	**19.21**

Total losses amounted to 315 455 746 kWh (2023: 250 172 822 kWh) of which 130 332 244 kWh (2023: 130 212 801 kWh) are technical losses and 185 123 501 kWh (2023: 119 960 021 kWh) are non-technical losses.

Electricity losses for the current year ending 30 June 2023 amounted to 24.20% (2023: 19.21%) i.e. R556 016 067 (2023: R373 469 761) 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% (2023: 10%) i.e. R233 335 557 (2023: R193 696 268). Non-technical losses, being theft, faults, billing errors etc., account for 14.2% (2023: 9.21%) i.e. R322 680 510 (2023: R181 744 874).

Water losses

Description	2024 Amount (R)	%	2023 Amount (R)	%
Technical	89 510 613	22.83	86 082 285	22.60
Non-technical	58 453 464	14.91	57 370 136	15.06
	147 964 077	**37.74**	**143 452 421**	**37.66**

Total losses amounted to 24 983 539 Kl (2023: 24 539 655 Kl) of which 15 113 750 Kl (2023: 14 725 646 Kl) are technical losses and 9 869 789 Kl (2023: 9 814 009 Kl) 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.

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

44. Repairs and maintenance

Infrastructure	223 811 442	203 398 425	223 811 442	203 398 425
Community assets	5 571 619	19 089 672	5 571 619	19 089 672
Heritage assets	-	8 014	-	8 014
Other assets	24 466 538	35 673 686	24 447 398	35 653 644
Computer Equipment	204 424	1 535 722	204 424	1 535 722
Furniture and Office Equipment	3 769 968	7 418 929	3 769 968	7 418 929
Machinery and Equipment	211 051 474	246 126 152	211 051 474	246 126 152
Transport Assets	23 062 449	17 768 863	23 062 449	17 768 863
Less: Repairs and maintenance capitalised to Water inventory	(6 832 416)	(7 831 831)	(6 832 416)	(7 831 831)
	485 105 498	**523 187 632**	**485 086 358**	**523 167 590**

45. Contracted services

Outsourced Services				
Alien Vegetation Control	295 850	100 000	295 850	100 000
Animal Care	1 345 242	1 440 000	1 345 242	1 440 000
Burial Services	337 743	506 239	337 743	506 239
Business and Advisory	240 767	258 153	240 767	258 153
Catering Services	3 865 047	5 516 959	3 865 047	5 516 959
Cleaning Services	223 901	362 846	223 901	362 846
Clearing and Grass Cutting Services	6 180 697	6 648 953	6 180 697	6 648 953
Connection/Dis-connection	10 581 076	9 130 203	10 581 076	9 130 203
Hygiene Services	61 682	44 414	61 682	44 414
Internal Auditors	591 148	391 350	591 148	391 350
Meter Management	142 275	418 089	142 275	418 089
Medical Services (Medical Health Services & Support)	60 514	49 733	60 514	49 733
Personnel and Labour	50 233 631	47 411 731	50 233 631	47 411 731
Professional Staff	13 707 622	7 834 173	13 707 622	7 834 173
Refuse Removal	8 817 984	8 819 993	8 817 984	8 819 993
Security Services	2 603 138	3 439 119	-	87 000
Traffic Fines Management	3 105 983	3 633 454	3 105 983	3 633 454
Consultants and Professional Services				
Business and Advisory	66 510 683	54 944 154	61 320 320	46 438 381
Infrastructure and Planning	8 200 795	6 518 918	8 200 795	5 825 319
Laboratory Services	325 750	349 126	325 750	349 126
Legal Cost	58 750 521	47 002 911	57 861 255	43 190 217
Contractors				
Artists and Performers	661 103	1 218 847	661 103	1 218 847
Building	109 565 080	107 576 571	109 565 080	107 576 571
Electrical	10 404 944	13 668 089	10 404 944	13 668 089
Event Promoters	4 964 491	4 044 507	4 964 491	4 044 507
Inspection Fees	841	840	841	840
Management of Informal Settlements	424 246	15 248	424 246	15 248
Medical Services	31 136	44 400	31 136	44 400
Pest Control and Fumigation	-	4 850	-	4 850
Plants, Flowers and Other Decorations	59 096	75 771	59 096	75 771
Safeguard and Security	12 703 113	9 692 177	12 703 113	9 692 177
Sewerage Services	8 963 321	29 995 239	8 963 321	29 995 239
Stage and Sound Crew	1 231 898	1 140 649	1 231 898	1 140 649
	385 191 318	**372 297 706**	**376 508 551**	**355 933 521**

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

46. Grants and subsidies paid

Other subsidies				
Buffalo City Metropolitan Development Agency	-	-	60 214 497	45 539 399
Disaster management fund	711 491	679 727	711 491	679 727
Mayoral Social Responsibility	1 806 871	684 251	1 806 871	684 251
Other Organisations	26 171 272	23 042 655	26 171 272	23 042 655
Rural development	4 263 895	1 985 578	4 263 895	1 985 578
Social relief	28 550 171	51 393 264	28 550 171	51 393 264
Sponsored Events	9 812 768	14 170 010	9 812 768	14 170 010
	71 316 468	**91 955 485**	**131 530 965**	**137 494 884**

47. General expenses

Advertising	11 126 459	9 395 139	11 018 727	9 255 314
Auditors' remuneration	23 917 137	25 752 648	22 982 780	24 863 782
Bank charges	8 436 931	7 910 774	8 421 160	7 875 455
Cleaning	98 195	97 561	98 195	97 561
Commission paid	41 498 836	38 145 911	41 498 836	38 145 911
Conferences and seminars	1 420 414	2 641 196	1 420 414	2 641 196
Consumables	11 754 047	7 960 372	10 081 026	4 457 578
Entertainment	794 762	1 599 892	654 297	1 405 451
Hire	211 365 862	167 555 391	211 193 262	167 251 390
Insurance	40 978 897	37 619 437	40 780 898	37 441 332
IT expenses	51 899 428	50 668 541	50 232 354	49 734 546
Lease rentals on operating lease	24 945 458	41 397 431	23 618 056	40 231 659
Levies	21 461 619	20 786 071	21 461 619	20 786 071
Magazines, books and periodicals	178 565	340 871	178 565	340 871
Marketing	1 269 014	7 110 967	1 269 014	6 590 663
Motor vehicle expenses	8 326 498	10 804 068	8 326 498	10 804 068
Other expenses	53 272 562	29 450 259	54 055 352	31 148 389
Placement fees	30 595	81 543	-	-
Postage and courier	6 417 892	9 756 689	6 388 840	9 721 397
Printing and stationery	12 841 979	6 995 271	12 813 503	6 991 758
Promotions	1 818 962	2 747 420	1 395 601	1 441 577
License fees	5 004 981	4 957 854	5 004 981	4 957 854
Special events	58 670	27 095	58 670	27 095
Staff welfare	24 815	99 581	-	-
Subscriptions and membership fees	19 327 511	17 861 693	19 327 511	17 831 810
Telephone and fax	19 387 991	20 393 242	19 177 841	20 149 083
Title deed search fees	289 122	188 913	289 122	188 913
Training	17 425 484	22 655 123	17 166 600	22 286 103
Travel - local	12 875 337	16 499 783	12 327 296	15 492 959
Travel - overseas	254 682	455 436	254 682	455 436
Remuneration to WARD Committees	9 027 973	8 713 140	8 954 377	8 630 785
Utilities	167 749	97 382	-	-
Uniforms	14 622 203	16 626 480	14 532 009	15 575 331
	632 320 630	**587 393 174**	**624 982 088**	**576 821 339**

48. Fair value adjustments

Investment property (Fair value model)	23 153 674	9 064 100	23 153 674	9 064 100

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49. 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 ncessarily 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, there has been no change during the financial year under review. 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	473 814	165 826	-	-
Unused tax losses not recognised as deferred tax assets	49 201 012	48 575 014	-	-
	49 674 826	**48 740 840**	**-**	**-**

50. Cash generated from operations

Deficit	(455 649 783)	(628 351 318)	(462 665 044)	(612 019 176)
Adjustments for:				
Depreciation and amortisation	1 891 872 716	1 896 595 914	1 890 789 288	1 895 766 455
(Gain)/Loss on sale of assets	351 670 867	(2 612 915)	351 672 161	(2 591 325)
Inventory losses/write-downs	148 218 824	143 613 837	148 230 590	143 591 411
Loss/(income) from equity accounted investments	(40 750 306)	20 142 918	(40 750 306)	20 142 918
Fair value adjustments	(23 153 674)	(9 064 100)	(23 153 674)	(9 064 100)
Finance costs - Finance leases	27 113	-	-	-
Impairment deficit	-	26 356	-	-
Debt impairment	1 336 717 876	956 485 680	1 336 717 876	956 485 680
Movements in operating lease liability	63 342	20 947	-	-
Movements in retirement benefit assets and liabilities	62 542 000	(80 157 000)	62 542 000	(80 157 000)
Movements in provisions	19 134 802	(1 565 885)	18 063 813	(915 113)
Other non-cash items	(72 872 358)	186 254 767	(72 872 339)	178 491 716
Changes in working capital:				
Inventories	(166 770 824)	(150 250 462)	(166 770 824)	(150 250 462)
Receivables from exchange transactions	(1 167 642 588)	(697 679 917)	(1 161 077 268)	(708 971 632)
Receivables from non-exchange transactions	(694 648 930)	(399 953 910)	(694 648 930)	(399 953 910)
Prepayments	-	104 436	-	-
Trade payables from exchange transactions	(86 500 821)	242 468 537	(90 648 156)	237 676 865
Unspent conditional grants and receipts	34 422 008	(28 306 652)	23 552 974	(20 480 652)
Consumer deposits	3 521 156	3 823 064	3 521 156	3 823 064
	1 140 201 420	**1 451 594 297**	**1 122 503 317**	**1 451 574 739**

51. Operating leases - as lessee (expense)

Minimum lease payments due - Buildings				
- within one year	13 045 641	3 739 316	11 580 354	2 274 029
- in second to fifth year inclusive	6 334 270	2 448 844	5 479 519	128 806
	19 379 911	**6 188 160**	**17 059 873**	**2 402 835**

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.

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

51. Operating leases - as lessee (expense) (continued)

Minimum lease payments due - Printing Machines				
- within one year	5 510 346	2 813 587	5 449 121	2 752 362
- in second to fifth year inclusive	7 160 933	3 462 661	7 125 219	3 365 722
	12 671 279	**6 276 248**	**12 574 340**	**6 118 084**

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.

52. Inventories losses/write-downs

Other inventory losses	254 747	161 416	266 513	138 990
Real losses	89 510 613	86 082 285	89 510 613	86 082 285
Apparent losses	58 453 464	57 370 136	58 453 464	57 370 136
	148 218 824	**143 613 837**	**148 230 590**	**143 591 411**

Refer to note 42 for detail on water losses.

53. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Community (including housing)	151 220 734	95 239 234	151 220 734	95 239 234
• Infrastructure	76 974 987	218 056 799	76 974 987	218 056 799
• Other	1 867 450	16 220 812	1 867 450	16 220 812
• Annual contracts	113 723 491	22 040 362	113 723 491	22 040 362
	343 786 662	**351 557 207**	**343 786 662**	**351 557 207**
Total capital commitments				
Already contracted for but not provided for	343 786 662	351 557 207	343 786 662	351 557 207

Authorised operational expenditure

Already contracted for but not provided for				
• East London Beachfront Precinct Project - Court Crescent	-	2 187 906	-	-
• Other	7 253 711	20 572 023	-	-
	7 253 711	**22 759 929**	**-**	**-**
Total operational commitments				
Already contracted for but not provided for	7 253 711	22 759 929	-	-

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.

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54. 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.	216 484 622	116 583 944	216 484 622	116 583 944
Labour issues These are instances whereby labour disputes have resulted in possible claims by employees.	24 903 664	31 466 858	24 903 664	31 466 858
Insurance issues These are instances whereby insurance claims have been instituted against Council by various third parties. Advise is sought from Council's insurers whether BCMM is liable. If BCMM is liable, then Council's insurers will determine the settlement amount to be paid. If BCMM is not liable, then Council's insurers will legally defend the matter on Council's behalf.	226 612 041	61 250 083	226 612 041	61 250 083
Other matters These are disputed invoices in terms of the standing contract between BCMM and Vodacom. The dispute has been resolved in the current year.	-	44 528 716	-	44 528 716
BCMDA - Litigation issues These are instances whereby legal claims have been instituted against the Agency by various third parties. Legal advice is sought and the Agency will defend claims where so advised.	38 413 517	7 868 774	-	-
	506 413 844	**261 698 375**	**468 000 327**	**253 829 601**

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55. 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 071 372 to BCMDA during the current financial year (2023: R44 253 862) (VAT exclusive).

European Union grants funding amounting to R16 143 125 was received by BCMM for the Duncan Village Buy Back Centre. This grant funding was transferred to the agency in the 2023/2024 financial year.

BCMM reimbursed BCMDA with an amount of R4 396 579 (2023: R21 226 622) (VAT exclusive) and a payable of R5 388 300 (2023: R0) is due to BCMDA for the implementation of the BCMDA East London Beachfront and Water World Project.

BCMM reimbursed BCMDA with an amount of R15 554 130 (2023: R10 888 436) (VAT exclusive) and a payable of R1 188 362 (2023: R0) is to to BCMDA for the Public Employment Programme that is funded through the Neighbourhood Development Partnership Grant.

Agency fees amounting to R782 790 (2023: R1 698 130) (VAT exclusive) were recognised relating to projects implemented and administered on behalf of BCMM, of this amount a payable of R431 064 is due to BCMDA.

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 paid an amount of R3 882 676 (2023: R2 865 080) VAT inclusive in respect of grass mowing, municipal services and office rental for the 2023/24 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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56. 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 2022

	Note	Error reference	As previously reported	Correction of error	Restated
Opening balance			10 909 689 314	-	10 909 689 314
Various		a,b,c,d,e,f,g,j	-	154 976 974	154 976 974
		-	**10 909 689 314**	**154 976 974**	**11 064 666 288**

Economic entity - 2023

Summary of Statement of Financial Position	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Inventories	8		50 846 397	-	-	50 846 397
Receivables from non-exchange transactions	9	f	894 752 505	(66 802 822)	44 520 329	872 470 012
Receivables from exchange transactions	10	f	2 067 794 409	(79 003 171)	(44 520 329)	1 944 270 909
Cash and cash equivalents	12		679 974 997	-	-	679 974 997
Investment property	3	j	460 264 600	697 000	-	460 961 600
Property, plant and equipment	4	c,i	24 870 181 392	833 762 351	-	25 703 943 743
Intangible assets	5		9 042 729	-	-	9 042 729
Heritage assets	6		50 513 440	2 663 852	-	53 177 292
Investment in controlled entities	7	k	-	100	-	100
Investment in associate	7		686 174 352	-	-	686 174 352
Borrowings	17		(50 157 564)	19 911 386	-	(30 246 178)
Operating lease liability			(89 315)	-	-	(89 315)
Trade payables from exchange transactions	20	a,b,g	(1 878 529 217)	37 852 616	-	(1 840 676 601)
Consumer deposits	21		(83 616 487)	-	-	(83 616 487)
Employee benefit obligation	15		(59 370 000)	-	-	(59 370 000)
Unspent conditional grants	16		(255 178 690)	-	-	(255 178 690)
Provisions	19		(396 923 669)	9 729 210	-	(387 194 459)
Borrowings	17		(88 696 244)	(19 911 386)	-	(108 607 630)
Employee benefit obligation	15		(715 349 000)	-	-	(715 349 000)
Provisions	19		(94 320 191)	4 573 848	-	(89 746 343)
Revaluation reserve	13	c	(15 522 625 351)	(931 847 008)	-	(16 454 472 359)
Accumulated surplus		a,b,c,d,e,f,g,j	(10 624 689 093)	188 374 023	-	(10 436 314 970)
		-	-	-	-	-

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

56. Prior-year adjustments (continued)

Statement of financial performance

Economic entity - 2023

Summary of Statement of Financial Performance	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Service charges	25	f	(3 766 314 630)	139 173 735	-	(3 627 140 895)
Rental of facilities and equipment	26		(24 500 929)	-	-	(24 500 929)
Construction contract	27		-	(88 113 517)	-	(88 113 517)
Other revenue (exchange)	29		(75 330 491)	-	-	(75 330 491)
Interest received	30	f	(262 739 040)	15 311 687	-	(247 427 353)
Agency fees	28		(21 870 747)	-	-	(21 870 747)
Property rates	31	f	(1 791 370 242)	6 516 709	-	(1 784 853 533)
Licences and Permits (non-exchange)	32		(12 216 036)	-	-	(12 216 036)
Interest (non-exchange)	33		(85 675 639)	-	-	(85 675 639)
Government grants and subsidies	34		(1 936 173 537)	-	-	(1 936 173 537)
Other revenue (non-exchange)	35	f	(82 451 262)	(3 851 576)	-	(86 302 838)
Public contributions and donations	24		(4 160 425)	-	-	(4 160 425)
Fines	24	h	(6 973 578)	(58 657 915)	-	(65 631 493)
Fuel levy	24		(719 203 000)	-	-	(719 203 000)
Employee related cost	36	a	2 476 159 013	5 500 344	(37 744 858)	2 443 914 499
Remuneration of councillors	37	b	69 219 711	2 379 896	-	71 599 607
Inventory consumed	38	d	-	-	350 866 010	350 866 010
Depreciation and amortisation	39		1 846 054 391	50 541 523	-	1 896 595 914
Finance cost	40	i	16 075 060	32 241 156	-	48 316 216
Debt Impairment	42	h	897 827 765	58 657 915	-	956 485 680
Repairs and maintenance	44	c	445 308 261	98 041 917	(20 162 546)	523 187 632
Bulk purchases	43	d	2 206 834 982	-	(294 601 251)	1 912 233 731
Contracted services	45	c	283 716 286	88 581 420	-	372 297 706
Grants and subsidies paid	46		91 955 485	-	-	91 955 485
General expenses	47	d	729 796 166	(593 215)	(141 809 776)	587 393 175
Gain/(Loss) on disposal of assets	4		(430 933)	(2 181 982)	-	(2 612 915)
Fair value adjustments	48	j	(8 867 100)	(197 000)	-	(9 064 100)
Impairment loss			26 356	-	-	26 356
Share of surplus of associate	7		20 142 918	-	-	20 142 918
Inventories losses/write-downs	52	d	161 416	-	143 452 421	143 613 837
Surplus for the year		**-**	**285 000 221**	**343 351 097**	**-**	**628 351 318**

Other disclosure items	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
Contingencies - Other matters	54		66 502 509	(21 973 793)	-	44 528 716
Commitments - Community (including housing)	53		86 063 440	9 175 794	-	95 239 234
Commitments - Infrastructure	53		223 189 368	(5 132 569)	-	218 056 799
Commitments - Other	53		36 729 654	(20 508 842)	-	16 220 812
Commitments - Annual contracts	53		22 270 622	(230 260)	-	22 040 362
Irregular expenditure - Ratified as irrecoverable by Council and written off	63		-	(60 198 838)	-	(60 198 838)

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

56. Prior-year adjustments (continued)

Cash flow statement

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services	e	5 315 449 010	96 241 067	5 411 690 077
Government grants and subsidies		1 907 866 885	-	1 907 866 885
Interest income	e	348 414 679	(15 311 687)	333 102 992
Employee costs & Councillors remuneration	e	(2 627 284 737)	29 864 618	(2 597 420 119)
Suppliers and other payments	e	(3 465 653 435)	(121 917 043)	(3 587 570 478)
Finance costs		(16 075 060)	-	(16 075 060)
	-	**1 462 717 342**	**(11 123 045)**	**1 451 594 297**
Cash flow from investing activities				
Purchase of property, plant and equipment	e	(1 443 300 818)	9 272 208	(1 434 028 610)
Proceeds from sale of property, plant and equipment		12 665 367	2 181 837	14 847 204
Purchase of other intangible assets		(423 146)	-	(423 146)
Purchase of other heritage assets		-	(331 000)	(331 000)
	-	**(1 431 058 597)**	**11 123 045**	**(1 419 935 552)**
Cash flow from financing activities				
Repayment of borrowings		(49 140 563)	-	(49 140 563)

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 2023/24 Financial year.

b) The error relates to increases for Councillors with effect from 01 July 2022 as per the Government Gazette 46470 of June 2022, with payment done in the 2023/24 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 inventory consumed change in disclosure, recognising the technical and non-technical losses. Also capitalising various expenditure items to water inventory total system input volume in order to distribute to inventory consumed, technical and non-technical losses.

e) Cash flow effect of all prior period adjustments.

f) Alignment of Revenue to Prior period/s. Journal adjustments were processed to customer accounts in 2022 2023, intended for prior periods.

g) Write back of retention as contract was terminated and retention withheld.

h) Recognising debt impairment and revenue separately for traffic fines, previously reported the net effect only on revenue.

i) Recognising the interest portion on landfill site provision, previously capitalised to the cost of the asset.

j) Adjusted fair value of investment properties due more appropriate methodologies used.

k) Inclusion or BCMM's interest in controlled entity (BCMDA) which wholly owned by BCMM.

l) After a further investigation management have identified that some of the Vodacom invoices were not supposed to be disclosed as contingency in the 2022/23FY therefor we excluded it from the contingent liability note disclosure.

m) Commitments were restated, previously disclosed contracts that had been concluded or terminated were removed and newly identified commitments not previously disclosed were added.

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

56. Prior-year adjustments (continued)

n) During the 2023 financial year an amount of R60 198 838 was written off by council. This was, however, not disclosed and the comparative irregular expenditure disclosure has been restated to include such a write off.

57. Comparative figures

Certain comparative figures have been reclassified. Refer to note 55 Prior year adjustments for detail.

58. 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 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.

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

58. Risk management (continued)

Market risk

Interest rate risk

The entity has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk, however all finance charges are on the variable interest rate.

The risk of a decrease in interest rate will place additional pressure to funding operations as a result of less income being realised from interest received and vice versa for finance charges.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	12.75 %	3 342 314 563	-	-	-	-
Cash in current banking institutions	7.75 %	142 470 955	-	-	-	-
Call Investments deposits	8.07 %	578 420 212	-	-	-	-
Trade and other payables - extended credit terms	7.75 %	1 261 597 130	-	-	-	-
Long term borrowings	8.26 %	28 813 896	25 085 849	20 829 396	8 416 924	25 461 567

Sensitivity Analysis of Market Risk

Effect of a 1% change in the interest rate	Current interest rate	Value as at 30 June 2024	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)
Trade and other receivables - normal credit terms	12.75 %	3 342 314 563	2 964 358 814	2 990 885 515	2 938 298 517
Cash in current banking institutions	7.75 %	142 470 955	132 223 624	133 462 253	131 007 775
Call Investments deposits	8.07 %	578 420 212	535 227 364	540 226 218	530 320 172
Trade and other payables - extended credit terms	7.75 %	1 261 597 130	1 170 855 805	1 181 824 009	1 160 089 315
Short term borrowings	8.26 %	28 813 896	26 615 459	26 863 599	26 371 862
Long term borrowings	8.26 %	79 793 735	73 705 648	74 392 817	73 031 059

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 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.

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

59. 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.

It is the responsibility of management to make an assessment of whether the going concern presumption is appropriate, or not, when preparing the financial statements.

In order to conclude as to whether, or not, an entity is able to continue in business for the foreseeable future, management makes judgments on various uncertain future outcomes of events or conditions.

This assessment is based on the reported results and financial position for the year ended 30 June 2024.

Buffalo City Metropolitan Municipality is a category “A” size entity providing electricity, refuse and other services. Refuse and other services are not affected by external factors. Electricity services can be affected by ESKOM tariff hikes.

At the time of making this assessment there are no subsequent events that may result in outcomes that are inconsistent with judgments made.

Liquidity ratios				
Current ratio	1.58	1.34	1.58	1.33
Acid test ratio	1.56	1.32	1.56	1.32

These ratios show a improved current asset to current liability position at year end and the entity embarked on numerous initiatives which seek to improve debt collection and minimise electricity losses which included debt payment incentives.

Gearing ratio				
Borrowings	108 607 631	138 853 808	108 607 631	138 853 808
Net assets	32 274 184 599	26 890 787 329	32 260 295 076	26 883 913 048
Borrowings as a percentage of net assets	0.34 %	0.52 %	0.34 %	0.52 %

Financially the entity is sound with borrowings accounting for less than 1% of the net assets for the year under review.

Operating results and Cash flows from operating activities				
Total revenue	10 190 550 934	8 778 600 433	10 180 866 507	8 766 014 734
Operating expenditure	(10 646 200 717)	(9 406 951 751)	(10 643 531 551)	(9 378 033 910)
Operating (deficit)	(455 649 783)	(628 351 318)	(462 665 044)	(612 019 176)
Cash flows from operating activities	1 140 201 420	1 451 594 297	1 122 503 317	1 451 574 739
Cash and cash equivalents	720 986 557	679 974 997	683 762 515	659 988 423

The City’s operating results reflect an improvement from a deficit to s surplus in the current and this is also achieved with an increase in cash balance at year end.

Operational forecast	**2025**	**2026**	**2027**
Operating Revenue	10 176 917 150	10 977 642 052	11 821 177 918
Operating expenditure less Depreciation	(9 604 105 886)	(10 367 040 832)	(11 155 003 170)
Surplus	572 811 264	610 601 220	666 174 748

The annual Division of Revenue act has made allocation throughout the Medium Term Revenue Expenditure Framework against the fact that the Municipal Demarcation board has not re-demarcated the City for amalgamation. This is also coupled by the National Treasury Benchmark assessment reflecting the City’s finances are fragile but funded. This is sustainable as surpluses are increasing, thereby the Annual Financial Statements are prepared on a Going Concern.

60. Events after the reporting date

There are no events after reporting date to be disclosed.

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

61. Unauthorised expenditure

Opening balance as previously reported	-	163 702 130	-	163 702 130
Add: Unauthorised expenditure - current	368 454 149	-	403 496 432	-
Less: Expenditure authorised in terms of section 32 of the MFMA	-	(163 702 130)	-	(163 702 130)
Closing balance	**368 454 149**	**-**	**403 496 432**	**-**
Non-cash	368 454 149	-	403 496 432	-

Analysed as follows: non-cash

Finance charges (Interest)	32 618 557	-	32 618 557	-
Loss on derecognition of assets	335 835 592	-	351 785 621	-
Other losses	-	-	19 092 254	-
	368 454 149	**-**	**403 496 432**	**-**

The 2023 unauthorised expenditure:

There is no unauthorised expenditure reported for 2022/2023 financial year.

Unauthorised expenditure: Budget overspending – per directorate:

Economic Development & Agencies	-	-	37 391 353	-
Solid Waste & Environmental Management	36 092 597	-	36 092 597	-
Infrastructure services	230 157 920	-	230 157 920	-
	266 250 517	**-**	**303 641 870**	**-**

The 2024 unauthorised expenditure:

The unauthorised expenditure of R32 618 557 relates to non-cash accrued interest in respect of the Landfill Provision and the unauthorised expenditure of R335 835 592 relates to loss on derecognition of assets.

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

62. Fruitless and wasteful expenditure

Opening balance as previously reported	11 239 831	11 239 831	10 731 676	10 731 676
Add: Fruitless and wasteful expenditure identified - current	693 154	65 877	692 826	53 713
Add: Fruitless and wasteful expenditure identified - prior period	48 899 958	-	-	-
Less: Amount written off - current	(10 442 676)	-	(10 442 676)	-
Less: Amount recoverable	-	(65 877)	-	(53 713)
Closing balance	**50 390 267**	**11 239 831**	**981 826**	**10 731 676**

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 1 (2023: 21) which relate to payment made without reasonable care.

R48.9 million of fruitless and wasteful expenditure was incurred in previous year but discovered in the current year and relates to poor project management during the construction of the Water World and Court Crescent Parks.

Amount recoverable

There are no recoverable amounts.

Amount written-off

After the MPAC investigations, Council adopted the MPAC recommendations to write-off R10 442 676 from the total fruitless and wasteful expenditure amount as it was proven to be irrecoverable.

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Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

63. Irregular expenditure

Opening balance as previously reported	10 956 577 260	9 216 993 440	10 930 305 816	9 216 993 440
Restatement	(60 198 838)	-	(60 198 838)	-
Opening balance as restated	**10 896 378 422**	**9 216 993 440**	**10 870 106 978**	**9 216 993 440**
Add: Irregular Expenditure - current	1 330 886 824	1 739 583 821	1 317 740 495	1 713 312 376
Less: Amounts ratified / approved as irrecoverable by Council and written off	(1 671 569 275)	(60 198 838)	(1 632 404 216)	(60 198 838)
Closing balance	**10 555 695 971**	**10 896 378 423**	**10 555 443 257**	**10 870 106 978**

Analysis of expenditure awaiting write-off per age classification

Prior years (Opening balance)	10 896 378 422	9 216 993 440	10 870 106 978	9 216 993 440
Current year	1 330 886 824	1 739 583 821	1 317 740 495	1 713 312 376
Less: Amounts ratified / approved as irrecoverable by Council and written off	(1 671 569 275)	(60 198 838)	(1 632 404 216)	(60 198 838)
	10 555 695 971	**10 896 378 423**	**10 555 443 257**	**10 870 106 978**

Details of irregular expenditure

Procurement made outside SCM regulations	1 226 753 687	1 603 009 820	1 226 753 687	1 603 009 820
Bid Construction Contracts (BCC)	57 841 873	23 287 237	57 841 873	23 287 237
Annual contracts	20 642 181	51 527 110	20 642 181	51 527 110
Informal contracts	12 502 754	9 402 801	12 502 754	9 402 801
3 Quotation System	-	903 976	-	903 976
Services of the state - Section 44 - Not-declared state employees	-	192 498	-	192 498
Expired leases	-	24 988 934	-	24 988 934
Bid Adjudication Committee - BCMDA	13 146 329	26 271 445	-	-
	1 330 886 824	**1 739 583 821**	**1 317 740 495**	**1 713 312 376**

64. In-kind donations and assistance

FELZOO donated assistance to BCMM	134 146	10 690	134 146	10 690
FELA donated assistance to BCMM	6 000	3 600	6 000	3 600
Nahoon Point Nature Reserve	90 099	48 154	90 099	48 154
	230 245	**62 444**	**230 245**	**62 444**

The nature of the above In-kind donations and assistance amounts are ad-hoc cash donations which are non-exchange transactions.

65. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	18 592 903	17 237 606	18 592 903	17 237 606
Amount paid - current year	(18 592 903)	(17 237 606)	(18 592 903)	(17 237 606)
	-	-	-	-

Contributions to SA Cities Network

Add: Losses identified - prior period	5 275 564	5 024 900	5 275 564	5 024 900
Less: Amounts recovered - current	(5 275 564)	(5 024 900)	(5 275 564)	(5 024 900)
	-	-	-	-

Audit fees

Current year subscription / fee	23 917 137	25 752 648	22 982 780	24 863 782
Amount paid - current year	(23 917 137)	(25 752 648)	(22 982 780)	(24 863 782)
	-	-	-	-

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE, UIF and Skills Development Levy

Opening balance	1 068 131	589 580	-	-
Current year subscription / fee	448 417 921	432 552 216	441 353 187	422 027 857
Amount paid - current year	(448 837 107)	(432 073 665)	(441 353 187)	(422 027 857)
	648 945	**1 068 131**	**-**	**-**

Amounts in respect of June 2024 were paid by the 7 July 2024 as per legislation, therefore there were no outstanding amounts for the financial year 2023/24.

Pension and Medical Aid Deductions

Opening balance	136 854	134 818	-	-
Current year subscription / fee	652 437 795	625 116 904	650 795 027	623 067 562
Amount paid - current year	(652 517 139)	(625 114 868)	(650 795 027)	(623 067 562)
	57 510	**136 854**	**-**	**-**

Amounts in respect of June 2024 were paid by the 7 July 2024 as per legislation, therefore there were no outstanding amounts for the financial year 2023/24.

VAT

VAT receivable	161 895 115	107 509 649	162 743 765	108 222 754

VAT output payables and VAT input receivables are shown in note 22.

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 R0 were outstanding for more than 90 days at 30 June 2024 (2023 R50 388) for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor.

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
	50 388	**50 388**

At year end, officials accounts totalling R15 194 711 (2023: R9 308 126) were outstanding for more than 90 days.

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66. 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 R171 560 342 (2023: R178 745 187) were procured and the process followed in procuring those goods/services deviated from the provisions of the regulations as stated above. The accounting officer approved the deviations from the normal SCM regulations.

Type of contract	**No of contracts Economic entity**	**Value of contracts Economic entity**	**No of contracts Controlling entity**	**Value of contracts Controlling entity**
Emergency	6	24 760 484	6	24 760 484
Sole supplier	18	107 776 079	18	107 776 079
Other exceptional cases	13	39 023 779	7	32 587 149
	37	**171 560 342**	**31**	**165 123 712**

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

67. Segment information

General information

Identification of segments

The 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 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.

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Economic entity 2024

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
Revenue						
Service charges	-	-	434 092	4 333 394 732	-	4 333 828 824
Rental of facilities and equipment	2 674 280	1 895 641	15 778 412	-	2 877 798	23 226 131
Construction contract	91 712 400	-	-	-	-	91 712 400
Agency fees	18 764 272	-	-	-	-	18 764 272
Other revenue (exchange)	16 595 372	12 045 017	19 538 440	3 073 109	31 804 833	83 056 771
Interest received	-	1 686 008	326 691 825	-	-	328 377 833
Property rates	-	-	2 127 633 956	-	-	2 127 633 956
Licences and permits (non-exchange)	13 430 649	-	-	-	267 182	13 697 831
Interest (non-exchange)	-	-	112 362 090	-	-	112 362 090
Government grants and subsidies	358 480 348	361 558 300	523 720 163	847 026 411	39 412 815	2 130 198 037
Other revenue (non-exchange)	97 920 061	-	-	-	-	97 920 061
Public contributions and donations	-	-	-	22 409 060	-	22 409 060
Fines	65 437 669	-	-	-	-	65 437 669
Fuel levy	-	-	741 926 000	-	-	741 926 000
Total segment revenue	**665 015 051**	**377 184 966**	**3 868 084 978**	**5 205 903 312**	**74 362 628**	**10 190 550 935**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Expenditure						
Employee related cost	(923 352 289)	(237 832 619)	(793 058 952)	(698 709 033)	(48 255 915)	(2 701 208 808)
Remuneration of councillors	-	(1 992 201)	(68 967 377)	-	-	(70 959 578)
Inventory consumed	(27 935 691)	(10 497 141)	(13 918 980)	(282 632 752)	(1 971 480)	(336 956 044)
Depreciation and amortisation	(112 655 579)	(957 018 775)	(187 504 196)	(634 694 166)	-	(1 891 872 716)
Finance cost	(967 504)	(3 386 134)	(975 723)	(40 593 584)	(287 680)	(46 210 625)
Debt impairment	(109 794 389)	-	(638 795 107)	(588 128 380)	-	(1 336 717 876)
Bulk purchases	-	-	-	(2 252 355 443)	-	(2 252 355 443)
Repairs and maintenance	(19 567 293)	(120 900 760)	(74 022 327)	(269 427 361)	(1 187 757)	(485 105 498)
Contracted services	(140 075 349)	(21 010 096)	(130 314 823)	(78 024 194)	(15 766 857)	(385 191 319)
Grants and subsidies paid	(244 588)	-	(37 465 860)	(24 221 798)	(9 384 222)	(71 316 468)
General expenses	(82 853 457)	(23 896 814)	(278 073 354)	(226 018 473)	(21 478 534)	(632 320 632)
Gain/(loss) on disposal of assets	-	289 434 005	25 434 425	(613 633 741)	(52 905 556)	(351 670 867)
Inventories losses/write-downs	-	11 766	(266 513)	(147 964 077)	-	(148 218 824)
Fair value adjustments	-	-	23 153 674	-	-	23 153 674
Share of surplus of associate	-	-	40 750 306	-	-	40 750 306
Total segment expenditure	**(1 417 446 139)**	**(1 087 088 769)**	**(2 134 024 807)**	**(5 856 403 002)**	**(151 238 001)**	**(10 646 200 718)**
Total segmental surplus/(deficit)	**(752 431 088)**	**(709 903 803)**	**1 734 060 171**	**(650 499 690)**	**(76 875 373)**	**(455 649 783)**
Total Revenue as per Statement of Financial Performance						10 190 550 934
Total Expenditure as per Statement of Financial Performance						(10 210 215 006)
Other items as per Statement of Financial Performance						(435 985 711)
Economic entity's (deficit) for the period						**(455 649 783)**

The entity does not disclose segment assets and liabilities as they are not regularly reported on and reviewed by management.

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Economic entity 2023

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
Revenue						
Service charges	-	-	673 674	3 626 467 221	-	3 627 140 895
Rental of facilities and equipment	2 391 351	1 696 625	17 976 039	-	2 436 914	24 500 929
Construction contract	88 113 517	-	-	-	-	88 113 517
Agency fees	21 870 747	-	-	-	-	21 870 747
Other revenue (exchange)	12 777 554	12 028 390	16 547 046	4 553 905	29 423 596	75 330 491
Interest received	-	1 117 008	246 310 345	-	-	247 427 353
Property rates	-	-	1 784 853 533	-	-	1 784 853 533
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	489 095 969	788 210 742	31 301 255	1 936 173 537
Other revenue (non-exchange)	86 302 838	-	-	-	-	86 302 838
Public contributions and donations	1 085 056	-	-	3 075 369	-	4 160 425
Fines	65 631 493	-	-	-	-	65 631 493
Fuel levy	-	-	719 203 000	-	-	719 203 000
Total segment revenue	**627 081 873**	**305 497 240**	**3 360 335 245**	**4 422 307 237**	**63 378 838**	**8 778 600 433**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Expenditure						
Employee related cost	(880 862 271)	(236 131 815)	(617 852 845)	(664 042 487)	(45 025 081)	(2 443 914 499)
Remuneration of councillors	-	(2 470 523)	(69 129 084)	-	-	(71 599 607)
Inventory consumed	(29 292 619)	(11 305 171)	(17 268 263)	(288 948 843)	(4 051 114)	(350 866 010)
Depreciation and amortisation	(109 498 097)	(961 484 211)	(178 828 361)	(646 785 245)	-	(1 896 595 914)
Finance cost	(1 344 795)	(4 669 103)	(1 356 220)	(40 546 230)	(399 868)	(48 316 216)
Debt impairment	(141 170 802)	-	(578 514 388)	(236 800 490)	-	(956 485 680)
Bulk purchases	-	-	-	(1 912 233 731)	-	(1 912 233 731)
Repairs and maintenance	(44 964 448)	(130 435 328)	(112 833 854)	(226 362 564)	(8 591 438)	(523 187 632)
Contracted services	(126 850 820)	(27 831 075)	(107 666 793)	(99 780 402)	(10 168 616)	(372 297 706)
Grants and subsidies paid	(11 212 936)	-	(55 591 478)	(20 969 248)	(4 181 823)	(91 955 485)
General expenses	(85 489 531)	(32 835 448)	(300 245 057)	(151 823 236)	(16 999 903)	(587 393 175)
Gain/(loss) on disposal of assets	-	21 590	2 591 325	-	-	2 612 915
Inventories losses/write-downs	-	(22 426)	(138 990)	(143 452 421)	-	(143 613 837)
Fair value adjustments	-	-	9 064 100	-	-	9 064 100
Share of surplus of associate	-	-	(20 142 918)	-	-	(20 142 918)
Impairment loss	-	(26 356)	-	-	-	(26 356)
Total segment expenditure	**(1 430 686 319)**	**(1 407 189 866)**	**(2 047 912 826)**	**(4 431 744 897)**	**(89 417 843)**	**(9 406 951 751)**
Total segmental surplus/(deficit)	**(803 604 446)**	**(1 101 692 626)**	**1 312 422 419**	**(9 437 660)**	**(26 039 005)**	**(628 351 318)**
Total Revenue as per Statement of Financial Performance						8 778 600 433
Total Expenditure as per Statement of Financial Performance						(9 254 845 655)
Other items as per Statement of Financial Performance						(152 106 096)
Economic entity's (deficit) for the period						**(628 351 318)**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Controlling entity 2024

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
Revenue						
Service charges	-	-	434 092	4 333 394 732	-	4 333 828 824
Rental of facilities and equipment	2 674 280	1 805 515	15 778 412	-	2 877 798	23 136 005
Construction contract	91 712 400	-	-	-	-	91 712 400
Agency fees	18 764 272	-	-	-	-	18 764 272
Other revenue (exchange)	16 595 372	12 044 717	19 538 440	3 073 109	31 804 833	83 056 471
Interest received	-	-	326 691 825	-	-	326 691 825
Property rates	-	-	2 127 633 956	-	-	2 127 633 956
Licences and permits (non-exchange)	13 430 649	-	-	-	267 182	13 697 831
Interest (non-exchange)	-	-	112 362 090	-	-	112 362 090
Government grants and subsidies	358 480 348	353 650 307	523 720 163	847 026 411	39 412 815	2 122 290 044
Other revenue (non-exchange)	97 920 061	-	-	-	-	97 920 061
Public contributions and donations	-	-	-	22 409 060	-	22 409 060
Fines	65 437 669	-	-	-	-	65 437 669
Fuel levy	-	-	741 926 000	-	-	741 926 000
Total segment revenue	**665 015 051**	**367 500 539**	**3 868 084 978**	**5 205 903 312**	**74 362 628**	**10 180 866 508**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Expenditure						
Employee related cost	(923 352 289)	(194 111 863)	(793 058 952)	(698 709 033)	(48 255 912)	(2 657 488 049)
Remuneration of councillors	-	-	(68 967 377)	-	-	(68 967 377)
Inventory consumed	(27 935 691)	(10 464 370)	(13 918 980)	(282 632 752)	(1 971 481)	(336 923 274)
Depreciation and amortisation	(112 655 579)	(955 935 347)	(187 504 196)	(634 694 166)	-	(1 890 789 288)
Finance cost	(967 504)	(3 359 021)	(975 723)	(40 593 584)	(287 680)	(46 183 512)
Debt impairment	(109 794 389)	-	(638 795 107)	(588 128 380)	-	(1 336 717 876)
Bulk purchases	-	-	-	(2 252 355 443)	-	(2 252 355 443)
Repairs and maintenance	(19 567 293)	(120 881 621)	(74 022 327)	(269 427 361)	(1 187 756)	(485 086 358)
Contracted services	(140 075 349)	(12 327 329)	(130 314 823)	(78 024 194)	(15 766 857)	(376 508 552)
Grants and subsidies paid	(244 588)	-	(37 465 860)	(24 221 798)	(69 598 719)	(131 530 965)
General expenses	(82 853 457)	(15 775 481)	(278 073 354)	(226 018 473)	(22 261 323)	(624 982 088)
Gain/(loss) on disposal of assets	-	289 432 711	25 434 425	(613 633 741)	(52 905 555)	(351 672 160)
Fair value adjustments	-	-	23 153 674	-	-	23 153 674
Share of surplus of associate	-	-	40 750 306	-	-	40 750 306
Inventories losses/write-downs	-	-	(266 513)	(147 964 077)	-	(148 230 590)
Total segment expenditure	**(1 417 446 139)**	**(1 023 422 321)**	**(2 134 024 807)**	**(5 856 403 002)**	**(212 235 283)**	**(10 643 531 552)**
Total segmental surplus/(deficit)	**(752 431 088)**	**(655 921 782)**	**1 734 060 171**	**(650 499 690)**	**(137 872 655)**	**(462 665 044)**
Total Revenue as per Statement of Financial Performance						10 180 866 507
Total Expenditure as per Statement of Financial Performance						(10 207 532 780)
Other items as per Statement of Financial Performance						(435 998 771)
Controlling entity's (deficit) for the period						**(462 665 044)**

The municipality does not disclose segment assets and liabilities as they are not regularly reported on and reviewed by management.

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Controlling entity 2023

	Community and Public Safety	Economic and Environmental Services	Municipal Governance and Administration	Trading Services	Other	Total
Revenue						
Service charges	-	-	673 674	3 626 467 222	-	3 627 140 896
Rental of facilities and equipment	2 391 351	1 696 625	17 976 039	-	2 436 911	24 500 926
Construction contract	88 113 517	-	-	-	-	88 113 517
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	-	-	246 310 345	-	-	246 310 345
Property rates	-	-	1 784 853 533	-	-	1 784 853 533
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	489 095 970	788 210 742	31 301 253	1 925 040 153
Other revenue (non-exchange)	86 302 838	-	-	-	-	86 302 838
Public contributions and donations	1 085 056	-	-	3 075 369	-	4 160 425
Fines	65 631 493	-	-	-	-	65 631 493
Fuel levy	-	-	719 203 000	-	-	719 203 000
Total segment revenue	**627 081 876**	**292 911 542**	**3 360 335 246**	**4 422 307 238**	**63 378 830**	**8 766 014 732**

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

67. Segment information (continued)

Expenditure						
Employee related cost	(880 862 271)	(191 994 054)	(617 852 845)	(664 042 487)	(45 025 080)	(2 399 776 737)
Remuneration of councillors	-	-	(69 129 084)	-	-	(69 129 084)
Inventory consumed	(29 292 619)	(11 269 112)	(17 268 263)	(288 948 843)	(4 051 115)	(350 829 952)
Depreciation and amortisation	(109 498 097)	(960 654 752)	(178 828 361)	(646 785 245)	-	(1 895 766 455)
Finance cost	(1 344 795)	(4 668 920)	(1 356 220)	(40 546 230)	(399 868)	(48 316 033)
Debt impairment	(141 170 802)	-	(578 514 388)	(236 800 490)	-	(956 485 680)
Bulk purchases	-	-	-	(1 912 233 731)	-	(1 912 233 731)
Repairs and maintenance	(44 964 448)	(130 415 286)	(112 833 854)	(226 362 564)	(8 591 438)	(523 167 590)
Contracted services	(126 850 820)	(11 466 890)	(107 666 793)	(99 780 402)	(10 168 616)	(355 933 521)
Grants and subsidies paid	(11 212 936)	-	(55 591 478)	(20 969 248)	(49 721 222)	(137 494 884)
General expenses	(85 489 531)	(20 565 484)	(300 245 057)	(151 823 236)	(18 698 029)	(576 821 337)
Gain/(loss) on disposal of assets	-	-	2 591 325	-	-	2 591 325
Fair value adjustments	-	-	9 064 100	-	-	9 064 100
Share of surplus of associate	-	-	(20 142 918)	-	-	(20 142 918)
Inventories losses/write-downs	-	-	(138 990)	(143 452 421)	-	(143 591 411)
Total segment expenditure	**(1 430 686 319)**	**(1 331 034 498)**	**(2 047 912 826)**	**(4 431 744 897)**	**(136 655 368)**	**(9 378 033 908)**
Total segmental surplus/(deficit)	**(803 604 443)**	**(1 038 122 956)**	**1 312 422 420**	**(9 437 659)**	**(73 276 538)**	**(612 019 176)**
Total Revenue as per Statement of Financial Performance						8 766 014 734
Total Expenditure as per Statement of Financial Performance						(9 225 955 006)
Other items as per Statement of Financial Performance						(152 078 904)
Controlling entity's (deficit) for the period						**(612 019 176)**

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

67. 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.

68. 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.

Government Technical Advisory Centre

BCMM has requested GTAC support services to assist with a series of projects detailed in the Memorandum of agreement over a period of five (5) years. GTAC will assist with project preparation and packaging for funding basis through appointing transactional advisors. The Cost of each project is entailed in the MOA and shall be paid in the new year. In this arrangement, GTAC is an agent of the entity and the entity is a Principal.

Housing Development Agency (HDA)

BCMM has entered into an agreement with Housing Development Agency as an agent to the construction of certain RDP projects as listed in the agreement. BCMM pays HDA on invoices received for such projects.

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 R18 764 272 (2023: R21 870 747).

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 46 Grant and subsidies paid and note 55 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 46, Grant and subsidies paid and note 55 Related parties for further details.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2024	2023 *Restated	2024	2023 *Restated

69. Cash flows from operating activities

Sale of goods and services					
Total revenue from Statement of Financial Performance		10 190 550 934	8 778 600 433	10 180 866 507	8 766 014 734
Less: Interest received (exchange)	30	(328 377 833)	(247 427 353)	(326 691 825)	(246 310 345)
Less: Interest received (non-exchange)	33	(112 362 090)	(85 675 639)	(112 362 090)	(85 675 639)
Less: Government grants and subsidies	34	(2 130 198 037)	(1 936 173 537)	(2 122 290 044)	(1 925 040 153)
Movement in receivables from exchange transactions	50	(1 167 642 588)	(697 679 917)	(1 161 077 268)	(708 971 632)
Movement in receivables from non-exchange transactions	50	(694 648 930)	(399 953 910)	(694 648 930)	(399 953 910)
		5 757 321 456	**5 411 690 077**	**5 763 796 350**	**5 400 063 055**
Government grants and subsidies					
Government grants and subsidies	34	2 130 198 037	1 936 173 537	2 122 290 044	1 925 040 153
Movement in unspent conditional grant	50	34 422 008	(28 306 652)	23 552 974	(20 480 652)
		2 164 620 045	**1 907 866 885**	**2 145 843 018**	**1 904 559 501**
Employee costs & Councillors remuneration					
Employee related costs	36	(2 701 208 808)	(2 443 914 499)	(2 657 488 049)	(2 399 776 737)
Councillors remuneration	37	(70 959 578)	(71 599 607)	(68 967 377)	(69 129 084)
Movement in post-retirement medical aid benefit obligation	50	62 542 000	(80 157 000)	62 542 000	(80 157 000)
Movement in bonus provision	19	7 537 043	(1 749 013)	6 466 054	(1 098 241)
		(2 702 089 343)	**(2 597 420 119)**	**(2 657 447 372)**	**(2 550 161 062)**
Suppliers and other payments					
Total expenditure as per the Statement of Financial Performance		(10 210 215 006)	(9 254 845 655)	(10 207 532 780)	(9 225 955 006)
Less: Employee related costs	36	2 701 208 808	2 443 914 499	2 657 488 049	2 399 776 737
Less: Councillors remuneration	37	70 959 578	71 599 607	68 967 377	69 129 084
Less: Finance costs	40	11 564 956	16 075 060	11 564 956	16 074 877
Less: Depreciation and amortisation	39	1 891 872 716	1 896 595 914	1 890 789 288	1 895 766 455
Less: Debt Impairment	42	1 336 717 876	956 485 680	1 336 717 876	956 485 680
Less: Finance costs - Finance leases	50	27 113	-	-	-
Movement in other provisions	19	11 597 759	183 128	11 597 759	183 128
Movement in prepayments	50	-	104 436	-	-
Movement in trade payables from exchange transactions	50	(86 500 821)	242 468 537	(90 648 156)	237 676 865
Movement in inventory	50	(166 770 824)	(150 250 462)	(166 770 824)	(150 250 462)
Movements in operating lease liability	50	63 342	20 947	-	-
Movement in consumer deposits	50	3 521 156	3 823 064	3 521 156	3 823 064
Non-cash adjustments	50	(72 872 358)	186 254 767	(72 872 339)	178 491 716
		(4 508 825 705)	**(3 587 570 478)**	**(4 557 177 638)**	**(3 618 797 862)**

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

70. Retirement contribution 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:

- LA 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
- Aftredevoorsieningfonds vir Kaapse Plaaslike Owerhede
- East London Municipal A Band Provident Fund

The LA Retirement Fund's last actuarial valuation was at 30 June 2023 conducted by S. Neethling from Momentum Consultants and Actuaries. The fund was in a sound financial condition with a funding level of 106.9%.

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 2023 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 100.8% 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 29 February 2020 prepared by Itakane Consultants and Actuaries (Pty) Ltd. The report stated that the fund was financially sound for the purposes of the Pension Fund Act of 1956

The Municipal Councillors Pension Fund's last valuation was at 30 June 2021 prepared by Mothapo R. and Barnard G.M. from Moruba Consultants and Actuaries. The report stated that the funding level was at 100% at the time of valuation.

The National Fund for Municipal Worker's last Actuarial Valuation was at 30 June 2023 and prepared by G. Grobler from Alexander Forbes Financial Services who confirmed that the fund continues to be able to meet its liabilities. The funding level was 100%

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 R24,5 million.

An amount of R439.8 million (2023: R424.1 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 2024

Notes to the Audited Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023 *Restated	2024	2023 *Restated

71. 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	Institution	2024	2023
N. Tyobosini	Security guard	BCMM	204 002	-
L. Boya	Communications Officer	BCMM	-	2 517 906
M. Mqikela	Skills development	BCMM	733 175	2 670 414
S. Mxesibe	Geomatics Technician	BCMM	1 075 883	245 916
C.F. Stoffels	Informal contract	BCMM	1 362 414	4 209 569
A. Qwede	Office Manager	BCMM	-	107 266
H.C. Prince	Administrative officer	BCMM	513 515	466 628
Z. Gqokoza	Equipment operator	BCMM	109 881	143 187
S.C. Nkubungu	Project Manager	BCMM	-	1 192 774
S. Sopazi	Staff accounts	BCMM	65 450	165 273
Z. Mkwanti	Artisan Assistant	BCMM	-	171 325
S. Xoki	Chief risk officer	BCMM	547 255	3 623 857
A. Fredericks	Senior meter reader	BCMM	238 511	159 522
Z. Ndzondo	Bid Secretariat	BCMM	191 130	9 717 529
A. Ceba	BCX Director	Transnet Group	32 374 239	19 995 211
T. Goba	Director	Public Investment Corporation Limited	-	4 050 168
J.S.P. Matsebula	Director	Technology Innovation Agency	925 940	773 975
K.P. Mfene	Admin clerk	SAPS	103 200	58 300
H. Nazir	Teacher	EC Education	1 304 626	699 575
V. Zitumane	BCMDA Board member	BCMDA	3 103 793	4 082 851
			42 853 014	**55 051 246**

72. Change in estimate

Property, plant and equipment

The remaining useful lives of certain infrastructure assets have been revised during the 2023/2024 financial year based on their condition assessment to accurately reflect the systematic consumption of economic benefits or service potential embodied in these assets. The effect of the change in remaining useful lives of assets has resulted to the increase in the revaluation surplus with a prospective decrease of the depreciation expense as the affected assets will be depreciating at lower rate over their remaining useful lives. It is impracticable to estimate the effect of these changes on future periods.

AUDIT COMMITTEE REPORT

Audit Committee Report

for the year ended 30 June 2024

Buffalo City Metropolitan Municipality

In accordance with Sections 166(2) and (3) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (the MFMA) read with related National Treasury Regulations, MFMA Circular 65 and 127 and applicable Council resolutions; the Audit Committee is pleased to present its report for the year ended 30 June 2024.

AUDIT COMMITTEE'S LEGISLATIVE ROLES AND RESPONSIBILITIES

The Audit Committee is constituted in terms of sections 166(1) and (2) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (the 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; and,
- Any other matter referred to it by the institution.

The MFMA also requires the Audit Committee to review the Annual Financial Statements and respond to Council on matters raised by the Auditor General of South Africa (AGSA). The role and responsibilities of the Audit Committee are set out in the Audit Committee Charter which is reviewed annually and approved by the City Council.

The Audit Committee endeavours to conduct its oversight role in compliance with its Charter, as well as in accordance with regulative and legislative provisions. The detailed advice tendered by the Audit Committee is recorded in the minutes of its various meetings as well as on 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 themselves as well as independent assessments by various stakeholders with which the Committee interacts inclusive of the Eastern Cape Provincial COGTA, National Treasury, Management, etc.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee in office as at the end of the 2023/24 financial year was appointed effective the 4th of February 2024 and comprises the following independent external members:

No.	Member	Number of meetings attended for the period
1.	Zola Luswazi (Chairperson)	Ten
2.	Benedict Khohliso	Eleven
3.	Wisdom Mushohwe	Eleven
4.	Fikile Judith Mudau	Eleven
5.	Ntombizine V Madyibi	Eleven
6.	Matsobane Gabriel Mello	Eleven
7.	Grant Son	Nine

Out of the eleven meetings held during the period, four were ordinary Audit Committee meetings and seven were special meetings held for the following purposes:

- To consider the external audit report as presented by the Auditor General (SA) as well as the Audited Annual Financial Statements for the 2023/24 financial year;
- To review the separate Draft Annual Financial Statements for external audit;
- To review and recommend the consolidated Draft Annual Financial Statements for external audit; and,
- To finalise agenda items that could not be dealt with in previous meetings.

EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONMENT

The system of internal control is a legislative responsibility of the accounting officer and the senior executive management as required by the MFMA, read in conjunction with MFMA Circulars 65 and 127, and in accordance with Global Internal Audit Standards.

In assisting management with this responsibility, the Annual Internal Audit Plan was prepared by the City's Governance and Internal Audit unit taking cognisance of emerging and residual risks identified by Management through the guidance of the Risk Management Office.

Notwithstanding an adequate scope of the planned internal audit work for the 2023/24 financial year to assist the institution improve the effectiveness of risk management, the internal control system and governance processes, the Audit Committee notes the institutional practice of generally not promptly implementing Internal Audit, the Auditor General and other assurance reports such as the recommendations of the Risk Management Committee. If adequately implemented, these recommendations will have a meaningful impact on the effectiveness of the overall internal control environment whilst mitigating the risk of potential fraud and maladministration. Furthermore, and amongst other related occurrences, the Committee also notes the practice of delayed management responses to internal audit reports. This occurred despite awareness and educational workshops conducted by Internal Audit, including collaboration discussions and initiatives on combined assurance to encourage collective ownership of governance and assurance.

Commendably, the City has begun the implementation phase of its approved Combined Assurance Framework. This framework has the objective of collaborating assurance for proper placement of accountability where there is non-achievement of strategic goals, as well as for any identified maladministration.

The primary focus of this framework is premised on the principle of promoting a culture in which key internal controls are constantly improved, that there is evidence of co-ordination, accountability and where necessary, application of consequence management. Therefore, the Committee looks forward to the full implementation of the Combined Assurance Plan as the implementation document of the combined assurance framework in the City.

FINANCIAL REPORTING

In addition to the Draft Annual Financial Statements, the Audit Committee was presented with the quarterly Statements of Financial Performance as well as reports on the Implementation of the 2023/24 Budget.

Although the City's accounting policies were observed to be aligned to the selected financial reporting framework, i.e. GRAP Standards (Standards of Generally Recognised Accounting Practice) the Audit Committee notes that the City continues to use the asset revaluation model to value (annually) its infrastructure assets year-after-year. The Committee has advised management that this is not the most efficient accounting policy for the City, specifically considering the large infrastructure asset base. For

the year under review, the Audit Committee reports that the usage of this accounting policy has had a direct negative impact on the current year's audit outcomes.

The accuracy of reported asset values, and in particular capital work-in-progress values, was also raised as a concern by the Committee; this in the context of the institution having received negative audit outcomes (a qualified audit report) on this audit area in the prior year. For the year under review, the Audit Committee reports that the multiple underlying control deficiencies on the day-to-day management of capital work-in-progress directly responsible for the negative audit outcomes on asset management in the prior year; remain unresolved in the current year. Consequently, the institution retained a qualified audit opinion on capital work-in-progress in the current financial year. These negative audit outcomes were achieved notwithstanding numerous advisory meetings held by the Committee to bring this matter to resolution.

As result of the foregoing and other control deficiencies in the asset management function and related financial reporting, the Audit Committee did not recommend the submission of the Annual Financial Statements for the financial year ended 30 June 2024 to the AGSA for external audit at 31 August 2024. The Committee was of the view that the Annual Financial Statements were not a fair presentation of transactions and events relating to infrastructure assets and, therefore, recommended to management that further time be taken post the 31st of August 2024, to work on the fair presentation of these Financial Statements prior to submission. It was and remains the Committee's understanding, that however, the City Manager has and had a prerogative to follow or not to follow the Audit Committee's recommendation in this regard. Accordingly, the Committee reports therefore that the City Manager, ultimately opted to comply with legislative requirements to submit these Annual Financial Statements to the AGSA at 31st August 2024 notwithstanding the fact in particular, they were not a fair representation of the institution's infrastructure assets. The Audit Committee reports that these annual financial statements were qualified by the Auditor General on infrastructure assets.

Outside of the asset management function, the Committee also notes that prior year negative audit outcomes on service charges were not adequately resolved in the current year, thus resulting to a recurrence of the qualification on service charges in the current year.

The Committee further noted the material irregularity reported by the Auditor General in the current financial year in respect of potential harm to the public as a result of the Nahoon Bulk Outflow Sewer Pipeline flowing to the Nahoon river in non-compliance with environmental prescriptions.

Given the negative audit outcomes discussed above, the Audit Committee agrees with the external auditors that the municipality must adopt a robust culture of applying effective in-year monitoring of key processes and controls, critical for performance and accountability which ultimately drives the institution

to achieve its legislated mandate, service delivery. Furthermore, proactive engagements with the Auditor General should always be undertaken quite early in the financial management planning cycle and not at the very late stage of the submission of annual financial reports.

As noted in this body of this report, the Committee reiterates with concern that for the year under review, the institution failed to improve its audit outcomes (in relation to prior year) of a qualified audit report. The Committee implores Management to commence very early with its preparation for the ensuing annual audit this to ensure that the root causes of the qualifying areas are uprooted and eradicated; this to improve audit outcomes in the ensuing reporting cycle.

KEY FINANCIAL MANAGEMENT ASPECTS

The institution continues to face cashflow challenges. One of the key underlying causes of this challenge is the institution's ability to collect its debtors' book.

In addition to other factors contributing to cashflow challenges; Management voluntarily developed and implemented a responsive Financial Recovery Plan ("FRP"). As indicated the said FRP is currently under implementation. The Audit Committee reports that notwithstanding the institution of this Recovery Plan, its implementation on the ground remains a concern. To this extent and with reference to the recovery of the debtors' book; the Audit Committee has invested time advising Management on practical solutions to monitor the effectiveness of the implementation of the consumer debtors' recovery strategies. The implementation of the Overtime Policy is another strategic deliverable of the FRP. Another critical strategic financial management area identified for Management focus is implementing effective institutional financial loss controls to urgently address the significant financial leakage of the City selling electricity at less than cost. The institution's documented cashflow challenges are directly negatively impacting service delivery. It is a considered opinion of the Committee that successful execution of this Financial Recovery Plan is vital for the financial well-being of this institution going forward.

The Committee further highlighted concerns relating to low spending on CAPEX funds (capital expenditure). This exacerbated by the high number of bids being re-advertised, pointing to inadequate supply chain management processes.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Committee commended management for completion of the ICT Disaster Recovery Plan wherein all major systems and applications were successfully recovered during the test. The Committee did, however, recommend more regular Disaster Recovery Testing as, prior to the 2024 test, previous testing

was only done in 2021. 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.

The Committee noted that there were still various challenges within ICT governance and operations including budget constraints, delays in procurement processes, limited effectiveness of the ICT Steering Committee, as well as inadequate specialised ICT skills for a Metropolitan Municipality.

Of further concern to the Committee was the seeming lack of impact of ICT on the City's Financial Recovery Plan and financial recovery efforts, indicating that the Information Technology Unit at the institution is not adequately supporting the City's business strategy.

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The Committee reviewed (exercised its oversight responsibility) the City's quarterly and annual performance reports, and, considering the continued qualified Auditor General opinions on the Audit of Predetermined Objectives, the Committee emphasized to Management, the importance of maintaining consistently adequate Portfolio of Evidence that accurately, validly and comprehensively support the reported performance information. Assurance on Predetermined Objectives is not limited to the Auditor General only but extends to Internal Audit and the Unit responsible for the collation and quality assurance on performance management information internally.

This is another critical area where notable improvement is required going forward. Practically, this means pro-active implementation and monitoring of the effectiveness of controls (comprehensive pre-submission self-audit) in performance and reporting throughout the financial reporting cycle.

The Committee further highlighted that automation of performance management system could assist resolving challenges on performance monitoring and reporting, standardisation of processes, as well as with the validity, accuracy and completeness of reported performance information as contained in the Annual Performance Report. This is an area that Management should pay specific focus on.

At a strategic level, the Audit Committee also notes that the overall exercise of holistic Performance Management at the BCMM needs improvement. Practically, that means that the formal measured performance of Senior Managers in terms of their performance management must necessarily and always be reflective of the organisational performance as measured at SBDIP level.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

While noting the commendable the external audit outcome specifically relating to Irregular Expenditure being unqualified in the current year, the Committee remains concerned about the slow progress in addressing the Irregular Expenditure incurred over prior financial years, i.e. conducting appropriate investigations thereinto. 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 it is decisively dealt with and / or condoned by Council on MPAC's recommendations. An urgent decision, therefore, needs to be taken to finalise the investigations of these amounts.

The Committee wishes to emphasise that it is Management's responsibility to build an environment of ethical behaviour with visible discipline and accountability being actioned as and when necessary. There is room for improvement with respect to swift, consistent and decisive consequence management to enforce accountability within the institution.

Over and above the accurate disclosure of irregular expenditure and its investigation as reported above, the institution has a standing responsibility to prevent the very occurrence of irregular expenditure.

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 risks were concerned.

As relates to risks reported by the external auditors, the Committee observed that the Audit Action 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. The recurring external audit material misstatements related to property, plant and equipment, revenue, and repairs and maintenance balances are indicative of the ineffectiveness of the Audit Action Plan of the 2022/23 financial year as also reported by the City's Internal Audit function.

Management was, however, 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 a pre-emptive 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.

OTHER ISSUES OF STRATEGIC IMPORTANCE

The institution continues to face the scourge of land invasion. The next related problem of equal magnitude is infrastructure vandalism. While these incidences are not unique to the BCMM, they are complicated problems that threaten the very economic standing of the institution. The institution can never solve these problems by itself, nonetheless difficult as they are, they nonetheless need to be solved.

Lastly under the other issues of strategic importance, the Audit Committee encourages the institution's leadership to start implementing consequence management, implemented in a manner that yield results.

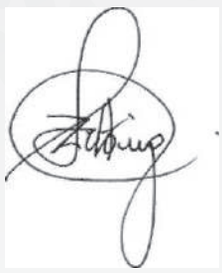
CONCLUSION

The Committee was further involved in the external audit through receipt of the audit strategy from the AGSA, having separate briefing meeting with the external auditors, while management held periodic audit steering committee meetings and made various reports on these to the Audit Committee meetings.

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 Auditor General audit processes, as well as all assurance providers under the Combined Assurance Framework, in order to improve the current control environment and external audit outcomes. Over and above the critical need to address the audit recommendations as aforementioned; the Audit Committee equally implores Management implement the rest of the recommendations contained in the body of this report.

The Committee is further committed to anti-fraud and anti-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, the Municipality.

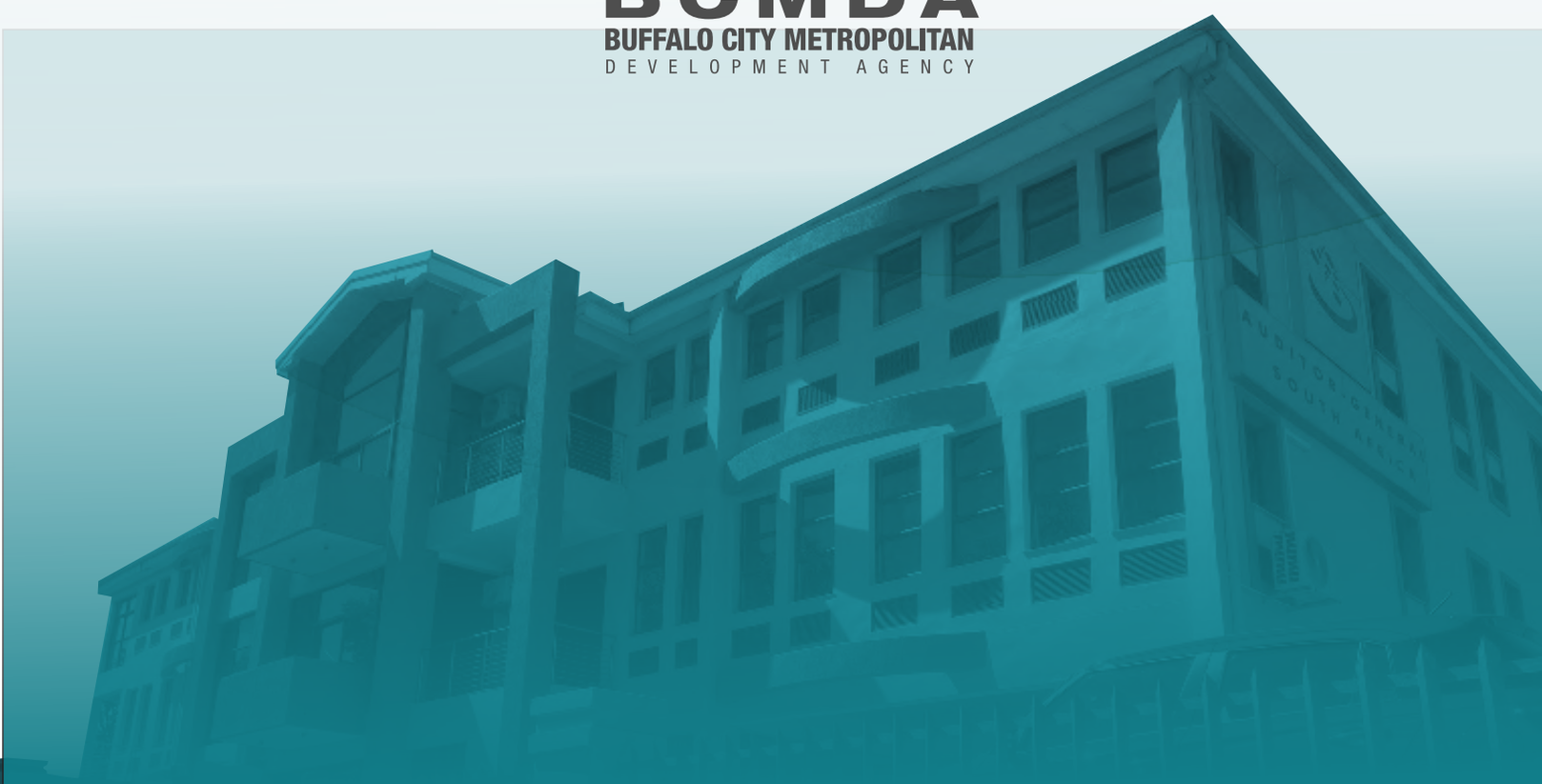
The Audit Committee would like to express its appreciation towards the officials and all other role players for their diligent attendance and participation at the Audit Committee meetings and look forward to a continued constructive working relationship with all the relevant parties at the Municipality.



Mr. Z. Luswazi, CA (SA)

Chairperson, Audit Committee

BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY



INTEGRATED Annual REPORT 2023 - 2024

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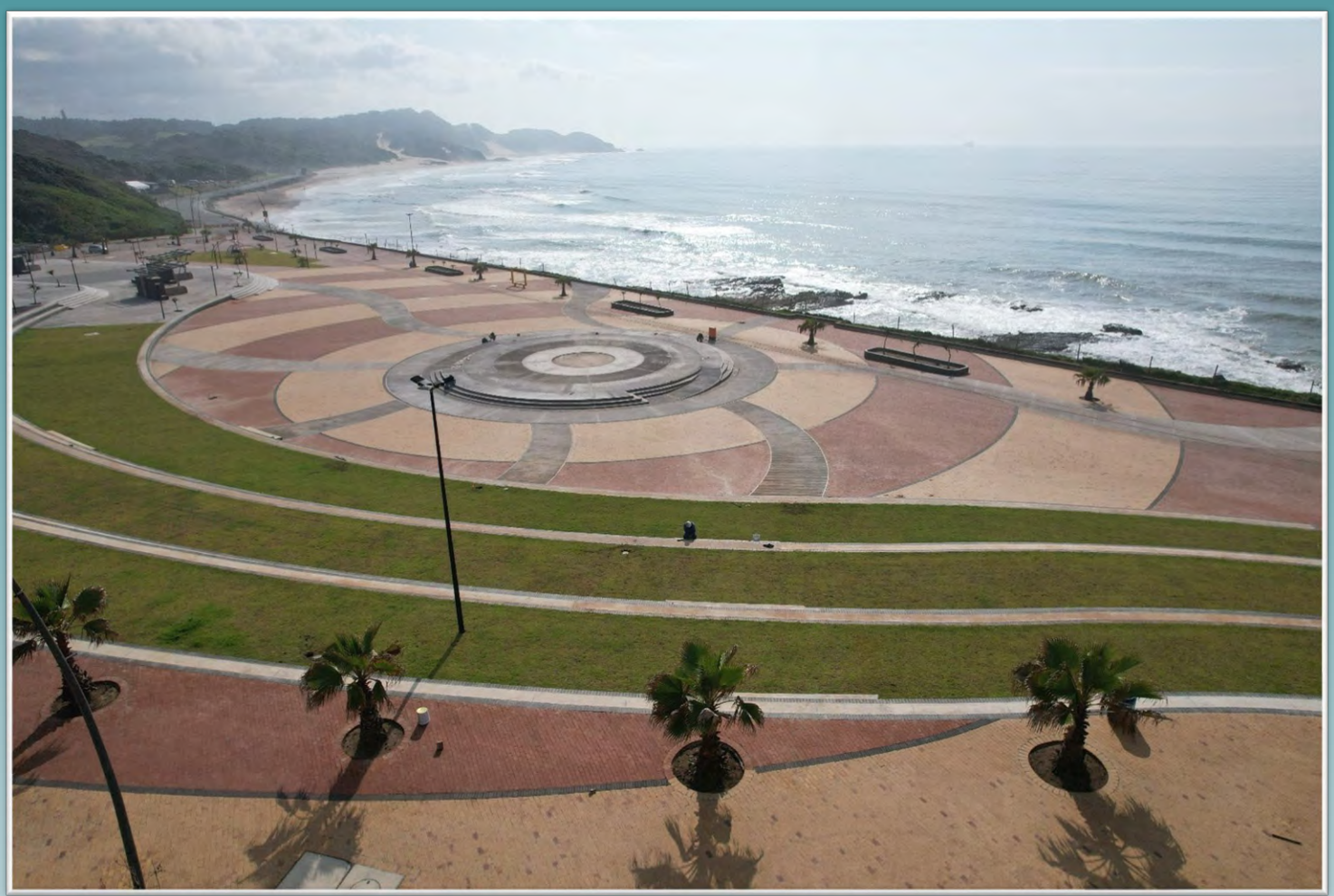
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EAST LONDON

Beach Front

MAYOR'S FOREWORD

Ms D Faku



On 1st November 2021, the citizens of Buffalo City Metropolitan Municipality from all walks of life came out and queued up to cast their vote to elect the current Municipal Council. We appreciate and value these citizens who continue to breathe life and nurture the South African democratic project.

Our commitment to the 975 255 citizens of the Metro is still unshakable and unwavering and we are committed to honour the service delivery promises we made on the 6th municipal elections since the dawn of our Democracy.

We value the confidence and faith that the people of the Metro have entrusted this current Council with and know that working together as a collective will honour the social contract that we undertook in 2021. We state that, "the center will hold, the center will continue to be responsive to the citizens of this beautiful Metro".

SOCIAL COMPACT & ACCOUNTABILITY

The struggle for a democratic South Africa was directed at achieving political freedom, economic freedom, and importantly freedom of expression and participation. This is the social compact we have with our citizens. In living up to this compact, we must accordingly inform and account to our citizens, as outlined by Buffalo City Metro Public Participation Strategy,

"The South African, Act 108 of 1996 explicitly outlined the role of local municipality in enhancing public participation in local government developmental objectives. Section 152 (1) of the Constitution outlined the objectives of local government as:

- To provide democratic and accountable government for local communities.
- To encourage the involvement of communities and community organisations in the matters of local government. "

Our social compact with the citizens of BCMM is not only regulated through the vote, but also called to law through legislation. In this regard, chapter 12, section 121 (1) of the Municipal Financial Management Act (MFMA) states that:
"Every municipality and every municipal entity must for each financial year prepare an annual report by 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"

In fulfilling this legislative requirement and honouring our social compact with the citizens of the Metro, it is my honour to present the Buffalo City Metropolitan Development Agency 2023-2024 Integrated Annual Report to the citizens of the Metro, our stakeholders, and the public. The Buffalo City Metropolitan Development Agency (BCMDA) is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality.

THE BCMDA MANDATE

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.

It is for this reason that the Council appointed a dynamic and formidable Board of Directors to serve on behalf of the Council by ensuring the provision of leadership, oversight and accountability from the management of the BCMDA.

ALIGNMENT WITH BCMM

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 Metro. All this work is underpinned by our commitment to the National Development Plan as well as broader global development objectives which include amongst others the Millennium Development Goals.

Our municipality is seized with the objective of improving the leaving conditions for our citizens, as well as their material conditions. It is for this reason that we as the Council continue to mandate the Agency to conceptualise and develop projects that are geared towards achieving a better life for our citizens in the Metro. Our policy position and strategic posture are clear, directed, and consistent. They are grounded by the Metro Growth Strategy which was launched in the 4th BCMM Council.

Our expectations from the Agency are clearly mapped out in our Service Delivery Agreement that we have committed to. It is therefore encouraging to see that concrete strategic alignment of core service delivery objectives as outlined in the Metro Growth Strategy are being attended to by the Agency.

These at the core seek to ensure that:

- Improving the material conditions of our citizens through inclusive and sustainable economic growth.
- Improving the logistics network and connectivity within the city to allow for improved social and economic transactions.
- Improving our spaces by advancing programmes that keep the city clean and environmentally sustainable in order to improve the quality of life of our citizens.
- Improving our provision of infrastructure to our citizens to ensure that the Metro remains an attractive destination for investment and an ideal space for our citizens in urban, rural and townships.

GOVERNANCE AND PERFORMANCE

The Agency continues to maintain good quality governance systems as well as accounting practices as required by the MFMA, the Systems Act, and the King Code on Good Governance, amongst other core governance guiding documents. By the commencement of the financial year under review we appointed a Board of Directors for the Agency after careful consideration of the applications we received. We also appointed a new Audit and Risk Committee. These initiatives were targeted at grounding and stabilizing the organisation. During the course of the year due to other pressing commitments, we suffered some resignations from our board including the chairperson Ms Pieterson.

We thank the service of these committed citizens and assure the public and our stakeholders that we have already taken steps to address these vacancies and as of the end of the year under review a recruitment drive had already been initiated. I thank the existing board that have been able to keep the ship stable under the leadership of Mr. Delima, the interim board chair.

It is equally pleasing to inform the public that under the year in review, the Agency was able to achieve a 64% performance level against its targets set in the annual performance plan. This level of achievement marks an improvement from the previous year's performance, where the agency was able to achieve only 51% due to turbulent challenges in the organisation's executive management. The appointment of a CEO has started to show possible positive signs and the improvement in this year's performance has re-established a trend that we are hopeful will be sustained in the next years to come.

SHAREHOLDER VALUE & STAKEHOLDER VALUE CREATION

The BCMM is the sole shareholder of BCMDA and hence all its efforts and energies must be directed at generating value for the shareholder and the citizens of the BCMM who are the primary stakeholders and beneficiaries that the BCMDA must address. This means at the core of its work and projects that it

designs and rolls out must be work directed at improving revenue generation, supporting service delivery initiatives, improving the investment climate, and the level of investment. These efforts must contribute to sustainability for the shareholder.

The work must contribute to ensuring that the Agency is able to sustain itself. There are still a lot of improvements that the agency still has to make in a number of its delivery service obligations, however, we are pleased that there are good stories that can be told about its contribution to our Metro.

At a macro level, the Agency is well aligned to our strategic projects as outlined in the Metro Growth Strategy (MGDS). Out of the eleven (11) MGDS targeted projects, the BCMDA has been participating in six (6) of these projects, these include the following:

- The regeneration of the inner city, where through projects such as Sleeper Site, the public art programme, and the cleaning and greening programmes. The face of the city is starting to have an identity and a better look. The BCMDA cleaning and greening programmes have generated and sustained over 280 jobs during the year under review.
- The revitalisation of the West Bank where the BCMDA has been active in developing the Water-world precinct.
- Investment in existing facilities, including the racetrack, where the agency has been seized with securing credible investment.
- Supporting work towards the upgrade of the East London Port through developing plans for investment and commercialization of the port.
- Bisho-King William's Town/ Qonce revitalization corridor, where the agency has supported urban upgrades in the center of Bisho, as well as supported cleaning and greening activities.
- The Berlin/Ntabozuko green hub where the Agency has been working on securing investment.

A significant amount of this work is still under process but must be completed, and the citizens of the Metro expect to see practical, tangible results and completed projects from the Agency. The opening of the Baby-Lee Jegels Park, formerly known as Court Crescent, was a significant achievement by the Agency and shows the type of practical results that we want to see.

As the Agency moves forward, it is very important to ensure that it maintains its character by keeping its sight focused on targeted initiatives so that it does not find itself over-extended and losing its sight and effectiveness.

This is why we are looking forward to concretising the parameters of the mandate and functions of the Agency with the Board through the review of the Service Delivery Agreement in the next financial year.



P FAKU
HONOURABLE EXECUTIVE MAYOR



EAST LONDON – SIDE VIEW

Beach Front



CHAIRPERSONS STATEMENT

Mr M Dilima

I am honoured to present the 2023-2024 Buffalo City Metro Development Agency Annual Report on behalf of the Board of Directors. This Board took office in September 2022 as an interim structure and was confirmed in August 2023, effectively during the time of this report we would have served our first official year as the board. At the core of our collective efforts there has been the singular objective of ensuring that the necessary oversight systems and structures are in place as guided by the Municipal Systems Act, the Municipal Structures Act, the Municipal Financial Management Act as well as the King Four Report on Corporate Governance.

The King Four Report is more precise in directing the Board to lead ethically, create a culture of ethics, create public value, meaningfully report performance, be custodians of corporate governance, ensure delegation, evaluate performance, govern risk, govern technology, ensure compliance with applicable laws, remunerate fairly, create an effective control environment and adopt stakeholder-inclusive approaches. The Board plays these roles on behalf of the municipal Council of the Buffalo City Metropolitan Municipality (BCMM)

This Integrated Annual Report Marks the 7th year that the Agency has been in operation subsequent to the Council approving its existence and mandate in the 2015 December Council. The report accounts for the performance that the Agency undertook during the 2023-2024 financial year and is accordingly marked against the 2023-2024 Annual Performance Plan that was approved by the Board of Directors. In line with the tenants of good governance, organisational accountability, and sustainability we present this Integrated annual report to provide the shareholder, stakeholders, and our partners with an account of the BCMDA's performance under the year in review as well as an opportunity to get a glimpse into our strategic agenda for the upcoming years.

POLICY DEVELOPMENT AND BOARD OVERSIGHT

The Board is constituted of members with a 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. Fundamental to this work is to ensure that the BCMDA has the legislatively required policies to ensure compliance as an entity of the state. Policies are important because they define what is and is not acceptable in the organisation. When developed in the right way, they ensure that all activities undertaken in the organization occur with the simple aim of ensuring the organization works in a regulated and predictable manner.

In this regard, the Board convened a Policy Review session where management was requested to present all new policies as well as review and update existing policies. We view this exercise as quintessential to keeping up with the ever-changing workplace and organisational culture. To this end, management presented a raft of policies, over 40 which the board attentively engaged on. This included the review of the social media Policy, the ICT End-user Policy, the Fraud and Risk Policy, and the Financial Management Policy to name a few. Some of the new policies that were introduced during this process include amongst others: the Employee Placement Policy, the Working from Home Policy, the Stakeholder Policy, the Investment Promotion Policy, and the Tourism Policy.

I am pleased that on the main, we were in agreement with management on the policies that were presented to us and look forward to management affecting the necessary changes that we recommended on the policies. We urge management to act fast on making these changes so that the Board can ratify them within the commencement of the new financial year 2024-2025.

STRATEGIC POSITIONING

At the core of the Board's work is the continued pursuit of creating an equitable and just society through the improvement of the local economy. It is in this way that we ensure continual value creation for the shareholder. Our mandate is therefore underpinned by the strategic objective of supporting the realisation of the Buffalo City Metropolitan Growth Development Strategy (MGDS). Which at the core highlights the four critical objectives of the Buffalo City Metropolitan Municipality as well as the Development Agency:

- Strategic pillar 1: An inclusive and sustainable economic growth
- Strategic pillar 2: A globally connected city
- Strategic pillar 3: A clean and environmentally sustainable city
- Strategic pillar 4: A spatially transformed city
- Strategic pillar 5: A well-governed city

The Board has engaged management continuously throughout the course of the year under review to ensure that our mandate and strategy are well embedded and aligned to the vision, mission and strategy of the parent municipality. To this end, the board reaffirmed the strategic vision of the Agency during its strategic planning session and outlined the following BCMM -BCMDA strategic alignment framework.

MBCMM MGDS2030 Pillars	*BCMM Outcomes*	*BCMDA Outcomes*
Strategic pillar 1: An inclusive and sustainable economic growth	**Strategic Outcome 1** An innovative and productive City	**Outcome 1:** A Dynamic tourism attraction[1].
Strategic pillar 2: A globally connected city	**Strategic Outcome 3** Connected City	**Outcome 2**: Attractive home for global investment and sustainable economic development.
Strategic pillar 3 A clean and environmentally sustainable city	**Strategic Outcome 2** A Green City	**Outcome 4**: Deliver socio-economic development programs.
Strategic pillar 4: A spatially transformed city	**Strategic Outcome 4** Spatially transformed City	**Outcome 1:** A Dynamic tourism attraction **Outcome 3:** A robust property market
Strategic pillar 5: A well-governed city	**Strategic Outcome 5** A well-governed City	**Outcome 5:** Well-governed and viable Agency.

We are pleased to note that indeed we have been able to achieve a well-aligned and systematically synergised strategic alignment between the BCMM and the Agency.

BOARD FUNCTIONALITY AND OVERSIGHT

The of commencement 2023-2024 financial year saw the consolidation of the work that had been undertaken in setting up the board as well as its supporting committees in the previous year 2022-2023. To this end, the board was able to meet all its required quarterly oversight meetings and engagements with management. Apart from convening its necessary quarterly meetings, the board was able to seat and hold its other expected oversight responsibilities which included amongst others; engagement with the Auditor General on the audit outcomes, the approval of the adjustment budget and adjusted annual performance as well as seat for the approval of the 20224-2025 budget and annual performance. The board was able to also hold its strategic planning session as well as a special policy review session. All in all, the Board set 12 times.

[1] BCMM strategic outcome 1 also includes **Outcome 2**: Attractive home for global investment and sustainable economic development. Outcome **4:** Deliver socio-economic development programs.

Type of Committee	*Board and Committees*
Board	12
Governance Committee	1
Organisational Committee	5
Project Development & Investment	4
Audit and Risk Committee	5

Sub-committees continued with their specialised committee work, these include the Governance Committee, Organizational Committee, the Project Management & Investment Committee as well as the Audit and Risk Committee. A significant amount of work that was initially allocated to the Governance Committee was merged with Board sessions, it is for this reason that the committee only met once. The other committees on average met on a quarterly basis. During the year under review, we witnessed the end of the term of the Audit and Risk Committee that had been Chaired by Mr. Ngqwala and the appointment of a new committee under the chairmanship of Mr. Luswazi. We thank Mr. Ngqwala, Ms. Maqwati-Naku, and Mr. Maharaj for their commitment to the BCMDA and for ensuring that management and the orginisation maintain high-quality control systems. We welcome Mr. Luswazi, Ms. Mudau, and Mr. Son as the new team and are optimistic about future improvements in the organization's internal control systems.

Our performance as an organisation is starting to show possible improvements from our organisational stabilization attempts after the 2022-2023 annual performance of 51%. The Agency performed better during the year under review and was able to achieve 67%. We will work with management by creating the necessary policy environment to achieve this, as well as providing the necessary strategic leadership for performance improvement.



MR. M DILIMA
CHAIR OF THE BOARD

CRITICAL PENDING MATTERS TO FOSTER GOOD GOVERNANCE

As we went through the year, the board witnessed a number of resignations due to various opportunities and commitments that faced its members. On behalf of the existing board members, I, therefore, wish to thank the previous board chair, Ms Pietersen, our former board chair, for her leadership and stewardship. I would also like to extend my appreciation for the comradery attitude and collective approach to our work that was exhibited by Mr. Van Wyk, Mr. Toni, and Ms Kumbaca who also resigned from the board. The vacancy level has posed a challenge to the functionality of the Board and I must thank the currently existing members of the Board for their flexibility and support in making sure that all required functions of the Board were carried out during the year under review.

As we move to the 2024-2025 financial year, we look forward to addressing the matter of the vacancy in the board. Other critical governance matters that will also be a priority for us in terms of governance issues include organisational development and staff recruitment and retention; the holding of our Annual General Meeting to approve this Integrated Annual Report as well as the previous year's one. We will also prioritize the updating and signing of the Memorandum of Incorporation of the Agency as well as the Service Level Agreement of the Agency and the BCMM.

Having made significant progress in stabilizing 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.





CHIEF EXECUTIVE OFFICERS

Mr A Gqobeka

Adam Smith, in his foresightedness, observed that "a nation is not made wealthy by the childish accumulation of shiny metals, but it is enriched by the economic prosperity of its people." BCMDA is mandated to enrich the economic prosperity of her people. It has been an utmost privilege to be charged to co-chart the economic prosperity pathways towards building the economic fortunes of Buffalo City Metropolitan Municipality through the implementation of multi-sectoral concerted economic projects.

South African Constitution Section 41(1)(c) mandates that all spheres of government and organs of state be effective, transparent, accountable, and coherent. The BCMDA Integrated Annual Report for the financial year 2023/24 is a constitutionally entrenched and protected discipline whose adherence proves the deepened democratic process and the rule of law in managing public affairs.

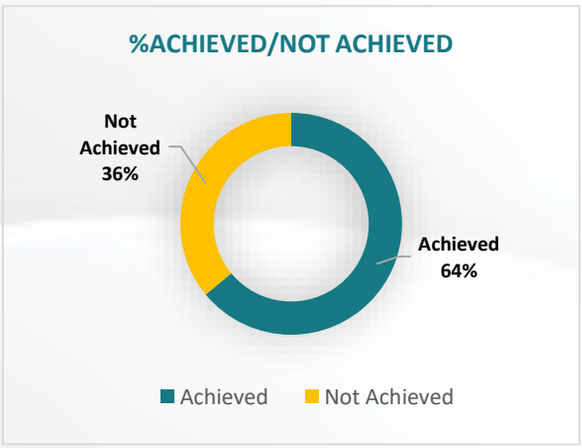
PEOPLE

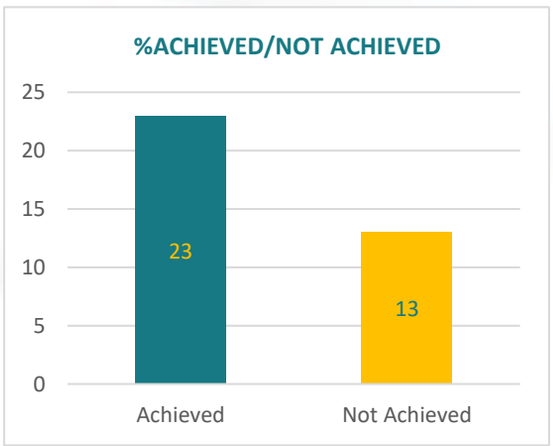
Through its governance structure, staff, and management teams, BCMDA has demonstrated its ability to build core organizational resilience to fulfil its mandate. The staff and management have adopted a highly spirited approach to weathering the proverbial storms the organization has faced in tackling a multifaceted array of challenges. This has set the stage for the remainder of the 2023-2024 financial year.

GOVERNANCE

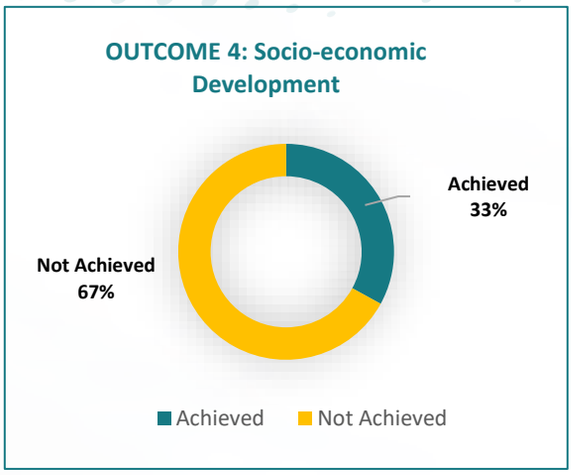
Through the people-centered governance process, internal and sectoral investment policies have been reviewed. These policies were subjected to an independent quality assurance process. The quality assurance process found our policies credible and fit for purpose. The policies were then presented to the Board and were approved.

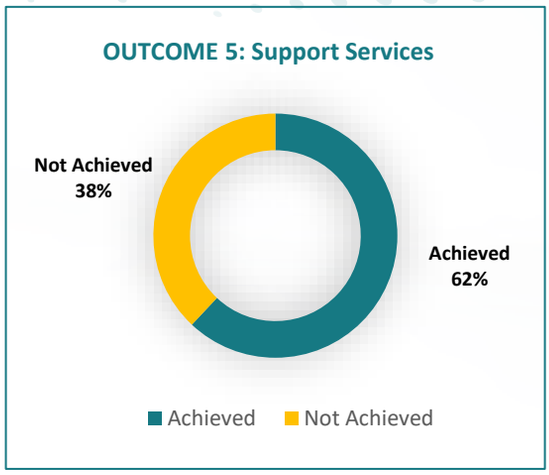
Organisational Performance



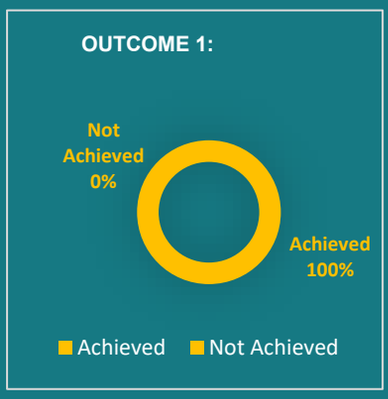


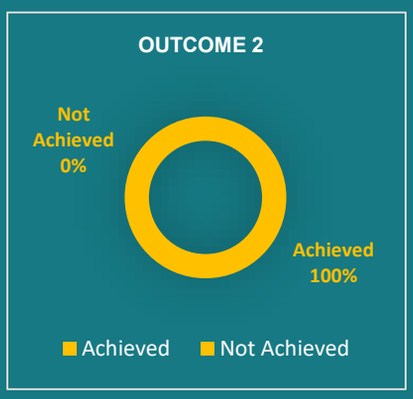
During this financial year, the Agency was able to achieve 23 targets out of a total number of 36 targets. This represents an overall achievement of 64%.

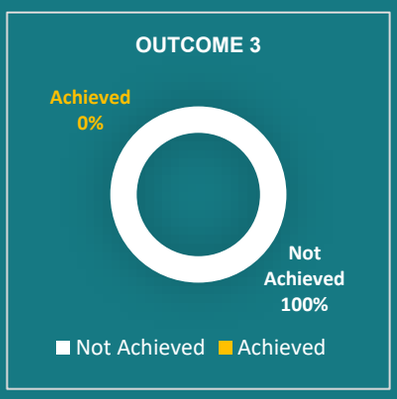




On the main, outcome 1 and outcome 2 were able to achieve 100% of the targets that were set. These two outcomes respectively are for tourism development as well as investment promotion

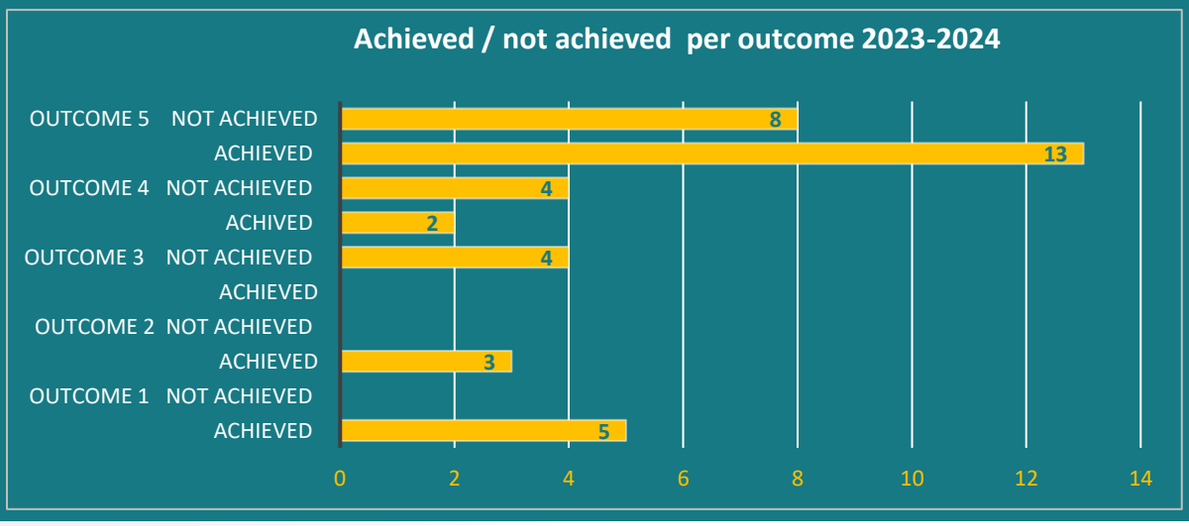






OUTCOME 3, which deals with property development and revitalization of spaces, was not able to achieve its targets; these deal with the initiation of two socio-economic projects as well as support to our investment unit by providing the necessary planning support and documentation for our property investment deals.

We are however not able to complete the Waterworld project as well as commence with planning work for the Revitalisation of the Esplanade as well as the Winter Strand.

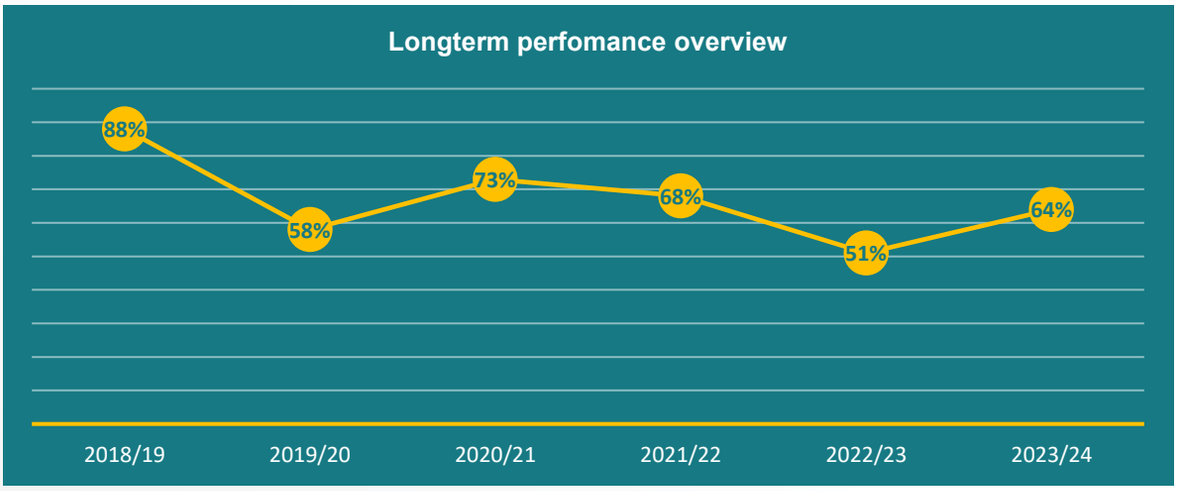


OUTCOME 4, which focuses on socioeconomic development projects, achieved one-third of its targets, specifically creating 210 jobs. Due to budget constraints, the Agency could not deliver on its target to initiate a sector diversification project or partner with and support four corporate social investment projects.

OUTCOME 5, which deals with group support services, including finance, supply chain management, strategy and risk management, communications, human resources, and ICT support, performed better than outcomes 3 and 4. It was able to meet 13 of the 21 targets set, which constitutes 60% achievement.

PERFORMANCE- HISTORICAL OVERVIEW

An overview of the agency's annual performance over the past six years indicates that it has not been able to achieve pre-COVID performance levels, which were set at 88% during 2018-2019. This momentum was disrupted in the 2019-2020 financial year with the onset of the global lockdown due to COVID-19, resulting in a significant 30% drop in performance to 58% for that year, compared to the 88% achievement in the previous year.



Despite this setback, the Agency was able to restore its performance levels to 73% in the 2020-2021 financial year. This performance was sustained in the following financial year, averaging 68% during 2021-2022.

However, the next year saw a sharp decline in performance, dropping nearly 17% to an annual rate of 51%. This decline can largely be attributed to challenges in our capital projects, stemming from budget alignment issues and the reprioritization of spending mid-year. The realignment of the annual performance plan to accommodate land development and construction projects created obstacles in achieving both primary and ancillary targets related to these areas, resulting in unmet goals.

Even after adjusting the targets mid-year, the review did not lead to a change in outcomes due to ongoing legal, construction, and investment facilitation issues concerning land parcels, as well as the financial challenges faced by the Agency. However, I am pleased to report a significant improvement in the organization's performance this financial year. We have recovered by 13% from the previous year's record low of 51% and met 64% of our targets.

A milestone of the agency's performance during this year was the completion of its first major project, the Court Cresent, which was officially opened in December 2023 by the honourable Premier of the Eastern Cape, the Honourable Executive Mayor of the BCM, and other dignitaries. This achievement has installed public confidence in the Agency's ability to deliver. However, the challenges in the Agency's second major capital project, the Water World, continue to haunt the agency's performance report and generate negative public sentiment.

FUTURE OUTLOOK

The Agency remains largely dependent on the BCMM for project funding and its operations. This trend is expected to continue for the foreseeable short to medium term. Despite this situation, the agency has begun to explore alternative funding solutions and seek new revenue-generating options. To this end, over the years, we have been able to tap into the Presidential Stimulus Fund for our tourism development work, public art, and beautification programs. We also welcome the support that we have received from the National Treasury for our pioneering work on the circular economy through waste management initiatives across the Metro and especially in Duncan Village.

These alternative project funding sources have enabled the BCMDA to create much-needed jobs in the metro; we are pleased that BCMDA has created over 200 jobs in BCM during this financial year.

Our work in investment promotion also offers the agency opportunities to increase our revenue streams further. To this end, I am pleased to indicate that we have made concrete advances in our three key investment projects: the Sleeper Site, the Water World, and Seaview Terrace. During negotiations with investors, we settled on a 1.5 % position for a BCMDA development facilitation fee. I am further pleased that the Council upheld this position and endorsed our negotiation positions.

The Agency had an approved 2nd adjusted budget of R105.0 million, which includes an operational budget of R90.8 million and a capital expenditure budget of R14.2 million. In the R90.8 million operational budget, with grant funding being the majority, R50.6 million was allocated as an operational grant, R5 million as an Eastern Cape Development Corporation grant for film infrastructure, R16.1 million as a Neighbourhood Development Grant, R16.9 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.

It is with immense gratitude to the entire team and management from all departments, as well as Internal Audit Services, for ensuring that BCMDA continues to achieve an unbroken track record in unqualified audit outcomes. We are invigorating the work of the BCMDA and have crafted a new business model for the agency. We are now focused on driving the organization toward future success.



A. GQOBOKA
CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Mr A Manciya

The Agency had an approved 2nd adjusted budget of R105.0 million, which includes an operational budget of R90.8 million and capital expenditure budget of R14.2 million. In the R90.8 million operational budget with grant funding being the majority, R50.6 million was allocated as an operational grant, R5 million as an Eastern Cape Development Corporation grant for film infrastructure, R16.1 million as a Neighbourhood Development Grant, R16.9 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.

Financial Performance as at 30 June 2024

Table 1: Statement of Financial Performance

Description	*Approved 1st adjusted budget (2023/24)*	*Approved 2nd adjusted budget (2023/24)*	*Year to date actual*	*Variance*	*% Variance*
Revenue	**69 069 634**	**105 099 533**	**80 479 653**	**24 619 880**	**23%**
BCMM Grant – Operational	53 182 078	50 682 078	44 071 372	6 610 706	13%
BCMM Grant – Capital Projects	5 000 000	13 398 667	9 784 879	3 613 788	27%
Neighbourhood Development Programme Grant	-	16 143 125	2 913 820	13 229 305	82%
ECDC Grant	-	5 000 000	4 347 826	652 174	13%
Public Employment Programme Grant	9 404 139	16 966 837	16 742 492	224 345	1%
LGSETA Grant	56 304	46 980	46 980	0	0%
Project Management Fees	400 000	1 071 893	782 790	289 103	27%
Interest Received	1 027 113	1 686 008	1 686 008	0	0%
Rental of Facilities	-	103 645	90 126	13 519	13%
Other Income	-	300	13 360	-13 060	-
Expenditure	**69 069 634**	**105 099 533**	**73 464 392**	**31 635 141**	**30%**
General Expenditure	17 508 924	25 569 932	14 101 227	11 468 705	45%
Employee Related Costs	32 698 123	29 107 207	26 485 813	2 621 394	9%
BCMM Recreational projects expenditure	5 000 000	13 398 667	9 784 879	3 613 788	27%
Neighborhood Development Programme Grant	0	16 143 125	3 247 239	12 895 886	80%

Description	Approved 1st adjusted budget (2023/24)	Approved 2nd adjusted budget (2023/24)	Year to date actual	Variance	% Variance
Board Fees	2 473 119	1 992 201	1 992 201	0	0%
Depreciation	874 958	1 086 308	1 083 428	2 880	0%
Finance Charges	2 228	27 113	27 113	0	0%
Public Employment Programme Grant	9 404 139	16 966 837	16 742 492	224 345	1%
Operating Surplus/Deficit	**R0**	**R0**	**R7 015 261**	**-R7 015 261**	
Capital Expenditure	1 108 143	808 143	677 237	130 906	16%

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 2024, 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 surplus of R7 015 261 on the planned budget.

Revenue

From the revenue sources depicted in the table above, there is an overall variance of 23% for the period ended 30 June 2024. This is below expectation and the reasons for this are outlined below:

a. There is 13% variance on the BCMM operational grant and ECDC grant are due to output VAT accounted for on the operational grants by virtue of being a profit-making organisation.

b. There is 27% variance on the BCMM recreational projects based on the claims submitted and certified by the City. The said project revenue and related expenditure resulted in a difference of R9.7 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.

c. There is 82% variance on the Neighbourhood Development Grant. The Duncan Village Buy Back Centre will now be constructed in the 2024/25 financial year and majority of the budget for the 2023/24 financial year was towards the planning and designs stage of the buy-back centre, commencing with construction and salaries for the workers. The budget was mostly used for salaries and project management services hence the high variance.

d. The Public Employment Programme Grant has a variance of 1% as the programme was fully implemented during the 2023/24 financial year.

e. Own revenue is mainly made up of interest received from the bank, tender documents fees, project management fess which are based on claims submitted, gain on disposal of assets and inventory-related revenue.

Expenditure

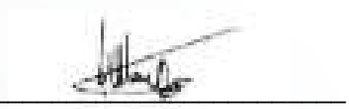
There is an overall under expenditure of 30% emanating mainly from the following:

a. The Neighbourhood Development Grant and Public Employment Programme have variance of 80% and 1% respectively, reasons are the same as above.

b. There is 16% on capital operating expenditure, which was caused by finance assets and procurement processes which were underway by year end.

c. There was 46% variance on general expenditure line item resulting from delayed expenditure on items carrying huge budget within general expenses.

d. Interest incurred was on finance leases which were taken during the financial year



MR. A MANCIYA
ACTING CHIEF FINANCIAL OFFICER



GOVERNANCE

ABOUT THE REPORT

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 2023/24 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 2023/24
b. Provide an account of the performance against the budget of the Agency for the 2023/24 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 2022/23 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 2: Internal and External Materiality

Internal Criteria	External Criteria
The BCMDA's mission, vision and values.	Priorities and support of national and provincial government.
The goals and objectives of the MGDS 2030	The priorities and support of local government
The expectations of the shareholder.	The socioeconomic development agenda.
BCMDA's governance framework and policy environment.	Factors that may affect the BCMDA's reputation and influence its ability to promote the economic development of Buffalo City.
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.	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 STRUCTURE

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.

The Company Secretary was outsourced from 01 July 2023 up until end November 2023 where the in-house Company Secretary was appointed and execution of duties commenced on the 01 December 2023.On the 06 May 2024 Company Secretary resigned and the Agency is in use of the services of the outsourced Company Secretary up until appointments are completed.

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 July 2023 until 30 June 2028. Due to the vacancy in the position of the CEO the board appointed Mr Mxolisi Sibam to act as interim CEO, subsequently he was succeeding by Mr Siyabulela Peter on the 16th of August 2023 as Interim CEO up until 30 December 2023. The recruitment processes for a new CEO of the BCMDA was concluded near the end of the 2023 and the Board appointed Mr

Ayanda Gqoboka as the Chief Executive Officer as of 1 January 2024 for a period of 5 years.

The Board is constituted as follows:

- Nine non-executive Directors, and one member resigned on the 31 of October 2023 and the Board Chairperson resigned on the 26 January 2024, thereafter the Interim Board Chairperson was appointed in February 2024.
- 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 Board is constituted by members with a 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.

BOARD MEMBERS



Mandilakhe Dilima	Mxolisi Sibam	Ngcane Madikizela Rene	Nobantu Sakube Ndevu	Zukisa Faku
Interim Board Chairperson	Board Member	Board Member	Board Member	Board Member

Table 3: Board of Directors

Board Member	Capacity	Gender	Qualifications/skills/ expertise	Committee Membership
Ms. Nolitha Pietersen	Chairperson of the Board	Female	- Master of Business Administration (MBA), NMMU Business School CA (SA), SAICA - BCom Accounting Honours & CTA, University of Johannesburg - BCom Accounting, University of Fort Hare - Matric, Word Faith Christian School	GSEC Member
Ms. Nobantu Sakube Ndevu	Member	Female	- Diploma in Education - School Management, Rhodes University - Computer Literacy -	PDIC & OC Member
Mr. Noel Van Wyk	Member	Male	- Higher Diploma in Education, BA Hons. Master of Arts, University of the Western Cape - Postgraduate Diploma Business Management, University of Kwa-Zulu Natal - MBA, University of Sunderland (UK) - Computer Training	OC Chairperson, PDIC & GSEC Member
Mr. Vuyo Mandilakhe Dilima	Member	Male	- Master of Business Leadership, UNISA - Diploma Science Education - Advanced Diploma, B Eng. (equivalent) Environmental Engineering - B Tech Civil Engineering - Project Management - Labour Intensive Construction Level 5	GSEC Chairperson & PDIC Member
- Mr. Mxolisi Sibam	- Member	- Male	- Corporate Governance Certificate, University of Johannesburg - Project Management Certificate, Rhodes University Business School - Registered Associate General Accountant AGA(SA), SAICA - Post Graduate Diploma in Accounting (PGDA), Rhodes University - BCom (Accounting & Commercial Law), Rhodes University - Matric, Hector Peterson High School	- OC & PDIC Member
- Mr. Sindile Toni	- Member	- Male	- National Diploma in Security Risk Management (Current Studies), UNISA - National Diploma: Policing - National Certificate in Policing: SASSETA 2008 - Certificate in Basic Policing: SASSETA 2005 - Basic Computer Literacy Certificate for Public Service Delivery for Ward Committee & Councillors: Project Administration Services - Local Labour Forum Training - Psira (Grade E-A) - FSCA Certificate (Finance) - Matric, Jongilanga Senior Secondary School	- OC & PDIC Member
- Ms. Andisiwe Kumbaca	- Member	- Female	- Bachelor of Administration (Hons), University of South Africa (UNISA) - Bachelor of Arts (Hons), UNISA - Bachelor of Social Sciences, University of Cape Town (UCT) - NSC, Pretoria High School for Girls	- OC & PDIC Member
- Ms. Ngcane Mnadikizela-Renene	- Member	- F	-	- OC Chairperson, PDIC & GSCE Member
- Ms. Zukisa Faku	- Member	- F	-	- OC & PDIC Member

2.2.1 Board Meeting Schedule and Attendance

Table 4: Board meetings

Date	Ms Pietersen	Ms Ndevu	Mr Van Wyk	Mr Dilima	Mr Sibam	Mr Toni	Ms Kumbaca	MsRenene Madikizela-	Ms Faku
31 Jul 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
28 Aug2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
13 Oct 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
07 Nov 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
29 Nov 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
14 Dec 2023	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes
19 Jan 2024	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes
05 Mar 2024	N/A	Yes	N/a	Yes	Yes	Yes	Yes	Yes	Yes
12 Mar2024	N/A	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes
19 Mar 2024	N/A	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes
27 May 2024	N/A	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes
21 June 2024	N/A	Yes	N/A	Yes	Yes	N/A	N/A	Yes	Yes

Mr. Toni and Ms. Kumbaca resigned in June 2024.

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 2023-24 financial year:

2.3.1 Governance Committee Meeting Schedule & Attendance

Table 4: Board meetings and schedule and attendance

Date of Meeting	Mr Dilima	Mr Toni	Ms Madikizela-Rene
28 February 2024	Yes	Yes	Yes

2.3.2 Organisational Committee Meeting Schedule & Attendance

Table 5: Organisational committee meetings

Date of Meeting	Mr Van Wyk	Ms Madikizela	Ms Kumbaca	Ms Sakube-Ndevu	Ms Faku	Mr Sibam
12 July 2023	Yes	Yes	Yes	Yes	Yes	N/A
25 August 2023	Yes	Yes	Yes	Yes	Yes	Yes
26October2023	Yes	Yes	Yes	Yes	Yes	Yes
29 February 2024	N/A	Yes	Yes	Yes	Yes	Yes
15 May 2024	N/A	Yes	Yes	Yes	Yes	Yes

- Mr Sibam was appointed as interim CEO on the 23 January 2023up until the 15 August 2023.
- Mr Van Wyk resigned as Board Member in September 2023.Project Development & Investment Committee Meeting Schedule & Attendance

2.3.3 Table 6: Project Development Committee meetings

Date of Meeting	Mr. Toni	Ms Madikizela-Renene	Ms Kumbaca	Ms Sakube-Ndevu	Ms Faku	Mr Sibam
11 Aug 2023	Yes	Yes	Yes	Yes	Yes	N/A
18 Oct 2023	Yes	Yes	Yes	Yes	Yes	Yes
29 Feb 2024	Yes	Yes	Yes	Yes	Apology	Yes
14 May 2024	Yes	Yes	Yes	Yes	Yes	Yes

2.3.4 Audit and Risk Committee meeting schedule and attendance

Table 5: Outgoing Risk Committee meetings

Date of meeting	Mr Ngqwala	Mr Maharaj	Ms. Maqwati-Naku
21 Aug 2023	Yes	Yes	Yes
24 August 2023	Yes	Yes	Yes
25 Oct 2023	Yes	Yes	Yes
18 January 2024	Yes	Yes	Yes

- The ARC Committee shares the services with the Parent Municipality. The three-year term expired in July 2023 and the parent Municipality extended it for one month and then later extended to three months up until 30 December 2023. This was further extended to May 2024.
- The BCMM appointed a new ARC to serve the Metro which the BCMDA also share services with.

Table 6: Incoming Risk Committee meetings

Date of meeting	Mr Luswazi	Mr Son	Ms Mudau
28 May 2024	Yes	Yes	Yes

2.3.5 Role of the Company Secretary

a. Ensuring compliance to the provisions of Companies Law and rules made there-under and other statues and policies of the Agency.
b. Ensuring that Business of the Agency is conducted in accordance with its objects as contained in Memorandum of Incorporation (MOI).
c. Ensuring that the affairs of the Agency are managed in accordance with the provisions of the law.
d. Develop framework to ensure that the organisation complies with relevant statutes.
e. Preparing, approving, and signing agreements, leases, legal forms, on behalf of the Agency when authorised.
f. Engaging legal advisors and defending the rights of the Agency in Courts of Law; and
g. Advising the Chief Executive and other executives in respect of legal matters.
h. Providing legal opinions and advice to the Board on relevant legislation as and when required.
i. 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.
j. Attend Board meetings and all subcommittee meetings as per outlined in the Board meeting calendar;
k. Ensuring that minutes of all Board, Board Subcommittee meetings, any meeting involving the Board or its subcommittee are properly recorded in accordance with the Companies Act. The minutes will be prepared by the Company Secretary (preferred bidder) and made available for review by the BCMDA and subsequently submitted to the BCMDA Board within 7 working days after each meeting held;
l. Preparation, updating and maintenance of Board and Sub-Committee resolutions register;
m. Ensuring and confirm that the company's annual financial statements have been certified and whether the company has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date. The Company Secretary will be responsible for certification of the Annual Financial Statement.
n. Attend to CIPC Requirements including but not limited to Filing of Annual return, Audited AFS, updating directors details and MOI amendments.



COMPONENT B&C

INTERGOVERNMENTAL RELATIONS & STAKEHOLDER MANAGEMENT

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 Agencys 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 myriad of stakeholders, which over the past three years has translated to an average of no less than 40 engagements per quarter. This means that on average the agency holds engagements or participates in engagements with approximately 160 stakeholders from its various business units.

To a huge, large extent, the greater bulk of stakeholders that the agency has been engaged with emanate from the public and private sectors, equating to approximately 80% of total engagements. Both the private and public sector cohorts of stakeholders take up about 50% of this 80%. This indicates that the agency, true to its mandate, effectively straddles the line of being well plugged in with the public sector but also the private 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 is composed of organizations such as Uber, Garden Court, Mercedes Benz.

Nonprofit organisations (NPOs) tend to receive a 20 % of the interactions. This category includes community engagements, the University of Fort Hare, Buntu Boxing Association, and Qonce Sports Veterans.

The agency received most of its engagements in the investment promotion area of work which tends to account for approximately 25% of engagements. This area of work includes stakeholder work directed at addressing investor needs and progress updates on projects. In advancing the investment promotion and property development agenda, the Agency.

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. This culminated in the signing of an MOU between the BCMDA- the BCMM and the Border Kie Chamber of Business. The Agency is also proud to have initiated a partnership with Walter Sisulu University that is targeted at providing experiential learning for communication and public art students. This work has contributed to over 20 students gaining the necessary experience to complete their academic qualifications.

The Agency continues to engage meaningfully with the tourism community as it rolls out its Heritage Route development program. The feedback and contributions from this community which includes amongst others; tour operators, the hospitality industry, and other public sector bodies such as the Eastern Cape Parks and Tourism Agency is invaluable and serve as a positive sound board for the Agency to test its concepts and ideas. The table below depicts some of the engagements that have taken place throughout the year under review.



Table 7: List of stakeholder engagements

Engagement	Primary Interest	Date
BCMM Council Open Day	Public Service Engagement	June 2023
Chippa United Football Club	Partnership prospects for stadium development	June 2023
Transnet Harbor development	East London Port development	July 2023
Executive KWT Buy Back Launch	Official Opening	July 2023
Kumkani FM	Duncan Village Buy Back Center Opening	July 2023
Keith Ngesi Radio Station	Tabling of BCMDA programs and projects by the ACEO	July 2023
Investors site visit in Qonce	Tourism and Property Development	July 2023
Partneship with Daily Dispatch	Commemorating the Nelson Mandela Day Celebrations Social Interventions to kids home in Quigney	July 2023
BCMM Top Management Strategic Planning	BCMM developmental programs/projects	August 2023
Partneship with the Executive Mayor in celebrating Womens Day	Social Cohesion	August 2023
Quigney Business Sector	Consultation and progress on BCMDA capital projects.	October 2023
Office of the Premier	District Development Model	October 2023
Twin City Development	Investment in Victoria Grounds Development	October 2023
Border Kie Chamber of Business	Progress on tourism development projects	November 2023
Eastern Cape Cricket Association	Progress on Sports and Tourism programs	November 2023
Premier, Executive Mayor and MPAC	Official Opening of the Baby Lee Jegels Park	November 2023
Eastern Cape Development Cooperation	Launch of online funding application and access	November 2023
BCMM	Launch of safety measures during festive season	November 2023
BCMM Investment Conference	Investment partnerships with China	November 2023
ELIDZ Science and Technology Lab Launch	Investment Development	March 2024
Carte Blanche Visit	Water World Fun Park	March 2024
BCMM Rugby fraternity	Sports development	April 2024
Qiugney Business Chamber	Beach Front Tourism	May 2024

PARTNERS AND STAKEHOLDERS













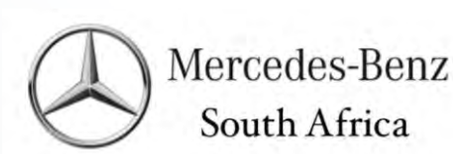




























COMPONENT D

CORPORATE GOVERNANCE

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.

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.

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

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 outs. The Strategic risks identified will be documented, assessed, and managed through the normal functioning of the system of risk management. The following strategic risks have been identified by the BCMDA:

1. Ineffectiveness in developing & promoting the city as a tourism destination.
2. Failure to create an enabling environment to facilitate economic development and attract new investments.
3. Poor contract management
4. Failure to establish effective stakeholder involvement in projects.
5. Inadequate profiling of Agency and brand management.
6. Inability to attract and retain experienced and qualified personnel
7. Inconducive office space
8. Effectiveness of budget management
9. Data Recovery
10. Inability to identify, prevent, respond, and recover from potential cyber attacks



Table 8: Strategic Risk register

RISK	*PERCEIVED CONTROL EFFECTIVENESS*	*MITIGATION*	*ACHIEVED / NOT ACHIEVED*
INVESTMENT PROMOTION & TOURISM DEVELOPMENT RISK			
1. Ineffectiveness in developing & promoting the city as a tourism destination	Satisfactory	Develop tourism policy. Support tourism coordination structures	**Achieved** The tourism policy developed and will be adopted in the next financial year.
2. Failure to create an enabling environment to facilitate	Satisfactory	Develop an investment policy and strategy. Develop SOP for	**Archived** An investment policy was developed and will be adopted in

RISK	PERCEIVED CONTROL EFFECTIVENESS	MITIGATION	ACHIEVED / NOT ACHIEVED
economic development and attract new investments		investment promotion and facilitation	the next financial year. SOPs for investment promotion have been developed.
PROPERTY PLANNING & DEVELOPMENT RISK			
3. Failure to establish effective stakeholder involvement in projects	Weak	Update Project Management Framework. Update Stakeholder Management Plan.	**Archived** The project management framework was developed and will be adopted in the next financial year.
STAKEHOLDER MANAGEMENT			
4. Inadequate Brand Management	Weak	Review and update marketing Strategy and Policy	**Achieved** Policies have been reviewed
HUMAN RESOURCES RISK			
5. Inability to attract and retain experienced and qualified personnel	Satisfactory	To update the Talent, Acquisition Onboarding and Remuneration, Preference Management, and Development policy to respond to the current changes. To update the Retention Policy of the Agency	**Achieved** Necessary policies were reviewed and updated.
6. Insufficient office space	Weak	Expand office space and advertise for new office space	**Archives** Office Space advert made of the 31 October
FINANCIAL MANAGEMENT RISK			
7. Under/ overspending on budget	Good	Coof monthly budget statement	**Not achieved**
8. Poor contract management	Weak	Implementation of contract management on Sage	**Not achieved** The system has been developed and will be launched in the next financial year.
ICT GOVERNANCE			
9. Data Recovery	Week	Allocate budget for relocation of BCMDA server	**Achieved** Serve located at the EIDZ
10. Inability to identify, prevent, respond, and recover from potential cyber attacks	Good	Conduct cyber security assessment, quarterly cyber security awareness training	Achieved Cyber security assessment conducted, and quarterly cyber security awareness training conducted/

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 13: Financial Disclosures for Senior Management

No	Surname	Full name	Designation	Declaration
1	Gqoboka	Ayanda	Chief Executive Officer	Yes
1	Busisiwe	Lubelwana	Chief Financial Officer	Yes
3	Noel	Van Vyk	Executive: Corporate Services	No
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 BCMDA ICT unit supports the Agency's business strategy and objectives by enhancing operational efficiency through automation, facilitating better communication, ensuring user connectivity and enabling effective data management and security. Additionally, the ICT unit supports innovation by providing platforms for new products and services and ensuring that all technological resources align with the strategic goals of the Agency. In the financial year under review, the ICT department's focus has largely been on:

- Ensuring High System Availability
- Effective ICT Support
- Cybersecurity Awareness
- Seamless data integration with the parent Municipality Financial System
- Monitoring and Testing of Disaster Recovery site
- Aligning ICT Master Plan to the Business Strategy

By delivering on the aforementioned areas, end-user productivity and confidence with technology were significantly enhanced.The ICT Unit also 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, and these were submitted to the Board for approval in the year under review.

An 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 interventions in order to minimize the risk exposure of the Agency.

4.9.1 ICT Steering Committees

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 committee comprises of the Chairperson (Executive Strategy and Research), CFO, core Business Unit representatives: ICT Management, Property Planning, Development, Legal, and Corporate Services.
There were sitting on the following dates:

Quarter 1: 12 September 2023	**Quarter 3**: 12 May 2024
Quarter 2: 06 February 2024	**Quarter 4**: 06 July 2024

4.9.2 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 data information in case of disaster.

The Agency has also appointed 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 tests 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

COMPONENT E: SERVICE DELIVERY AND PERFORMANCE

5. STRATEGY OVERVIEW

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	• Efficiency and effectiveness
• Innovation	• Accessible
• Integration and alignment	• 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 a 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:

NO, STATEMENT

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.

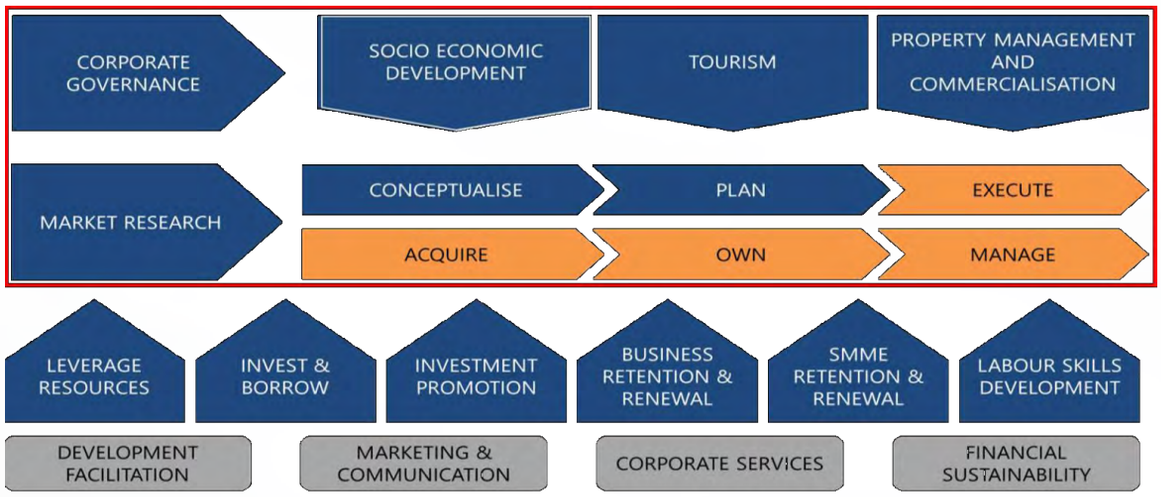
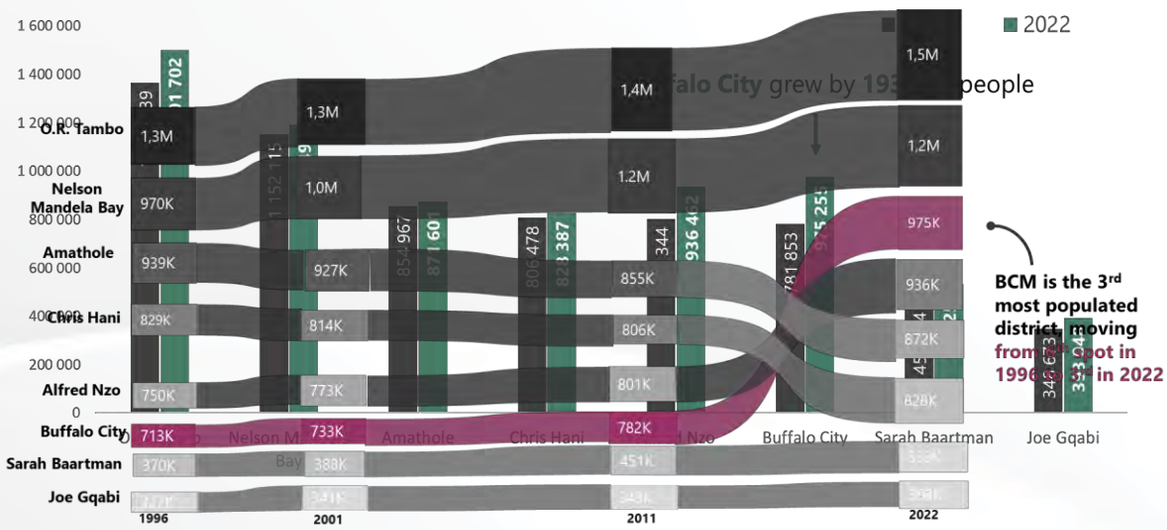


Figure 1: BCMDA value chain

5.4 ECONOMIC INFORMATION OF THE METRO

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:

Population growth in BCMM



Source: StatsSA 2022 Censusus

5.4.1 Investment Retention and Promotion

a. In 2022, the community services sector is the largest within Buffalo City Metropolitan Municipality accounting for R 33.7 billion or 37.3% of the total GVA in the metropolitan municipality's economy. The sector that contributes the second most to the GVA of the Buffalo City Metropolitan Municipality is the finance sector at 19.3%, followed by the trade sector with 17.0%. The sector that contributes the least to the economy of Buffalo City Metropolitan Municipality is the mining sector with a contribution of R 124 million or 0.14% of the total GVA.

Table 9: Gross value added (GVA) by broad economic sector - Buffalo City Metropolitan Municipality, 2022[R billions, current prices]

	Buffalo City	Eastern Cape	National Total	Buffalo City as % of province	Buffalo City as % of national
Agriculture	1.0	11.2	187.6	*8.5%*	*0.51%*
Mining	0.1	1.5	483.3	*8.4%*	*0.03%*
Manufacturing	14.1	64.8	813.1	*21.8%*	*1.74%*
Electricity	1.3	9.1	192.8	*14.3%*	*0.67%*
Construction	2.3	11.7	146.6	*19.6%*	*1.56%*
Trade	15.3	75.3	807.5	*20.4%*	*1.90%*
Transport	5.0	23.9	451.4	*21.0%*	*1.11%*
Finance	17.4	80.9	1,386.9	*21.5%*	*1.26%*
Community services	33.7	174.1	1,483.6	*19.4%*	*2.27%*
Total Industries	**90.3**	**452.5**	**5,952.7**	***20.0%***	***1.52%***

Source: South Africa Regional explorer v2443.Data compiled on 15 Jan 2024. © 2024 S&P Global.

b. In 2022, the community services sector is the largest within Buffalo City Metropolitan Municipality accounting for R 33.7 billion or 37.3% of the total GVA in the metropolitan municipality's economy. The sector that contributes the second most to the GVA of the Buffalo City Metropolitan Municipality is the finance sector at 19.3%, followed by the trade sector with 17.0%. The sector that contributes the least to the economy of Buffalo City Metropolitan Municipality is the mining sector with a contribution of R 124 million or 0.14% of the total GVA.

Table 10: Merchandise exports and imports - Buffalo City, Eastern Cape and National Total, 2022 [R 1000,current prices]

	Buffalo City	Eastern Cape	National Total
Exports (R 1000)	2,713,957	73,461,195	2,013,485,000
Imports (R 1000)	6,846,598	74,201,008	1,791,905,000
Total Trade (R 1000)	9,560,555	147,662,203	3,805,390,000
Trade Balance (R 1000)	-4,132,640	-739,813	221,580,000
Exports as % of GDP	2.7%	14.7%	30.4%
Total trade as % of GDP	9.5%	29.5%	57.4%
Regional share - Exports	0.1%	3.6%	100.0%
Regional share - Imports	0.4%	4.1%	100.0%
Regional share - Total Trade	**0.3%**	**3.9%**	**100.0%**

Source: South Africa Regional eXplorer v2443.Data compiled on 15 Jan 2024. (© 2024 S&P Global)

c. The merchandise export from Buffalo City Metropolitan Municipality amounts to R 2.71 billion and as a percentage of total national exports constitutes about 0.13%. The exports from Buffalo City Metropolitan Municipality constitute 2.71% of total Buffalo City Metropolitan Municipality's GDP. Merchandise imports of R 6.85 billion constitute about 0.38% of the national imports. Total trade within Buffalo City is about 0.25% of total national trade. Buffalo City Metropolitan Municipality had a negative trade balance in 2022 to the value of R 4.13 billion.

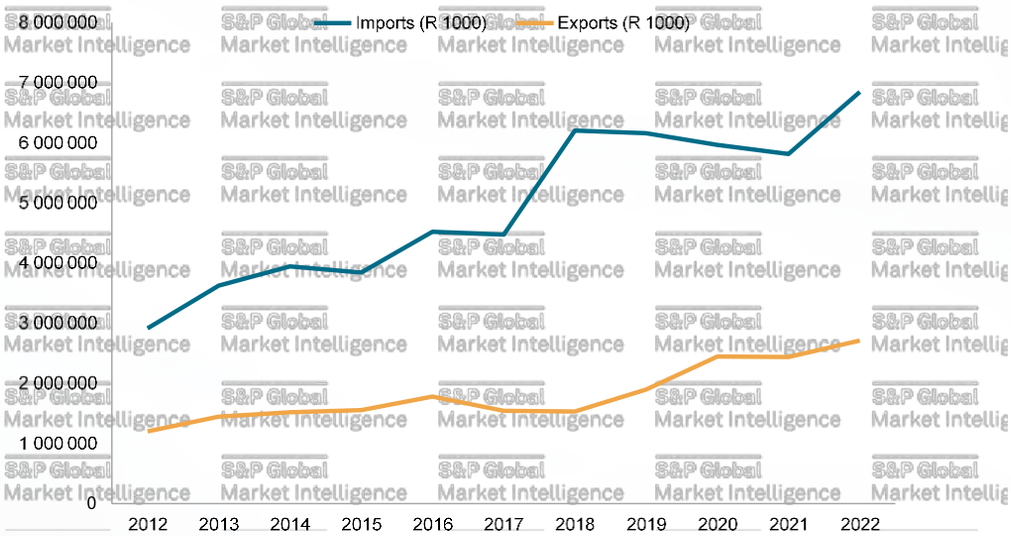


Figure 2: Import and exports in Buffalo City Metropolitan Municipality, 2012-2022 [R 1000]

Source: South Africa Regional eXplorer v2443.Data compiled on 15 Jan 2024.(© 2024 S&P Global.)

d. Analysing the trade movements over time, total trade increased from 2012 to 2022 at an average annual growth rate of 8.79%. Merchandise exports increased at an average annual rate of 8.48%, with the highest level of exports.

e. R 2.71 billion experienced in 2022. Merchandise imports increased at an average annual growth rate of 8.91% between 2012 and 2022, with the lowest level of imports experienced in 2012.



5.4.2 Gross Domestic Product

a. With a GDP of R 100 billion in 2022 (up from R 58.6 billion in 2012), the Buffalo City Metropolitan Municipality contributed 20.01% to the Eastern Cape Province GDP of R 501 billion in 2022 increasing in the share of the Eastern Cape from 20.42% in 2012. The Buffalo City Metropolitan Municipality contributes 1.51% to the GDP of South Africa which had a total GDP of R 6.63 trillion in 2022 (as measured in nominal or current prices).It's contribution to the national economy stayed similar in importance from 2012 when it contributed 1.64% to South Africa, but it is lower than the peak of 1.64% in 2012.

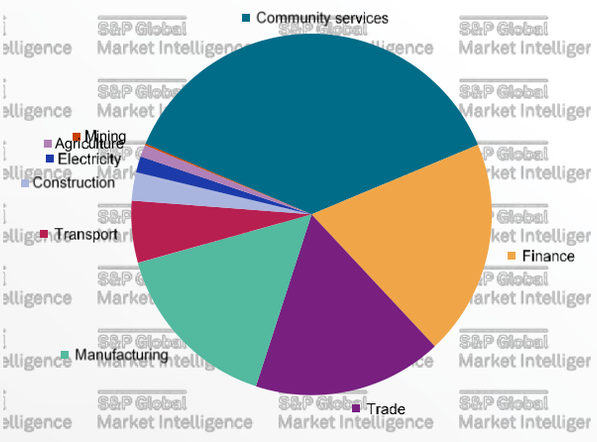


Figure 3: Gross value added (GVA) by broad economic sector - Buffalo City Metropolitan Municipality, 2022 [percentage composition]

Source: South Africa Regional eXplorer v2443. Data compiled on 15 Jan 2024. © 2024 S&P Global.

b. In 2022, the Buffalo City Metropolitan Municipality achieved an annual growth rate of 1.90% which is a very similar GDP growth than the Eastern Cape Province's 2.08%, and is lower than that of South Africa, where the 2022 GDP growth rate was 1.91%. Contrary to the short-term growth rate of 2022, the longer-term average growth rate for Buffalo City (0.44%) is slightly lower than that of South Africa (0.92%). The economic growth in Buffalo City peaked in 2021 at 4.26%.

c. It is expected that Buffalo City Metropolitan Municipality will grow at an average annual rate of 1.32% from 2022 to 2027. The average annual growth rate of Eastern Cape Province and South Africa is expected to grow at 1.47% and 1.76% respectively.

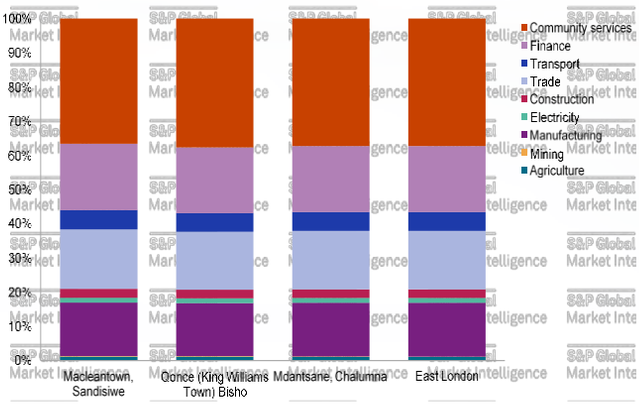


Figure 4: Gross Value Added (GVA) by broad economic sector - sub-metro regions of Buffalo City Metropolitan Municipality, 2022 [percentage composition][2]

d. For the period 2022 and 2012, the GVA in the agriculture sector had the highest average annual growth rate in Buffalo City at 2.39%. The industry with the second highest average annual growth rate is the finance sector averaging at 1.52% per year. The construction sector had an average annual growth rate of -3.02%, while the mining sector had the lowest average annual growth of -4.36%. Overall a positive growth existed for all the industries in 2022 with an annual growth rate of 1.82% since

5.4.2.1 Primary Sector

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector.

Between 2012 and 2022, the agriculture sector experienced the highest positive growth in 2017 with an average growth rate of 16.5%. The mining sector reached its highest point of growth of 27.1% in 2012. The agricultural sector experienced the lowest growth for the period during 2016 at -10.1%, while the mining sector reaching its lowest point of growth in 2015 at -11.9%. Both the agriculture and mining sectors

[2] Source: IHS Markit Regional eXplorer version 2201

are generally characterised by volatility in growth over the period.

5.4.2.2 Secondary Sector

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector.

Between 2012 and 2022, the manufacturing sector experienced the highest positive growth in 2021 with a growth rate of 9.5%. The construction sector reached its highest growth in 2013 at 3.8%. The manufacturing sector experienced its lowest growth in 2020 of -13.6%, while construction sector also had the lowest growth rate in 2020 and it experiences a negative growth rate of -16.7% which is higher growth rate than that of the manufacturing sector. The electricity sector experienced the highest growth in 2021 at 0.4%, while it recorded the lowest growth of -6.5% in 2020.

5.4.2.3 Tertiary Sector

The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector.

The trade sector experienced the highest positive growth in 2021 with a growth rate of 6.6%. The transport sector reached its highest point of growth in 2022 at 8.9%. The finance sector experienced the highest growth rate in 2022 when it grew by 3.0% and recorded the lowest growth rate in 2015 at 0.5%. The Trade sector had the lowest growth rate in 2020 at -11.5%. The community services sector, which largely consists of government, experienced its highest positive growth in 2021 with 2.6% and the lowest growth rate in 2020 with -1.4%.

5.4.2.4 Sector Growth Forecast

The GVA forecasts are based on forecasted growth rates derived from two sources: historical growth rate estimates and national level industry forecasts. The projections are therefore partly based on the notion that regions that have performed well in the recent past are likely to continue performing well (and vice versa) and partly on the notion that those regions that have prominent sectors that are forecast to grow rapidly in the national economy (e.g. finance and telecommunications) are likely to perform well (and vice versa). As the target year moves further from the base year (2010) so the emphasis moves from historical growth rates to national-level industry growth rates.

The construction sector is expected to grow fastest at an average of 3.14% annually from R 1.7 billion in Buffalo City Metropolitan Municipality to R 1.99 billion in 2027. The community services sector is estimated to be the largest sector within the Buffalo City Metropolitan Municipality in 2027, with a total share of 37.5% of the total GVA (as measured in current prices), growing at an average annual rate of 0.8%. The sector that is estimated to grow the slowest is the mining sector with an average annual growth rate of -0.88%.

5.4.3 Tourism

Table 11: Total number of trips by origin tourists - Buffalo City Metropolitan Municipality, 2012-2022 [Number]

	Domestic tourists	*International tourists*	*Total tourists*
2012	911,000	54,900	966,000
2013	818,000	56,900	875,000
2014	778,000	58,900	837,000
2015	749,000	56,000	805,000
2016	763,000	64,800	828,000
2017	824,000	66,600	890,000
2018	899,000	68,200	967,000
2019	905,000	66,400	972,000
2020	860,000	21,300	882,000
2021	831,000	15,700	847,000
2022	952,000	35,600	988,000
Average Annual growth			
2012-2022	***0.44***%	***-4.24***%	***0.23***%

Source: South Africa Regional eXplorer v2443.Data compiled on 15 Jan 2024.(© 2024 S&P Global)



a. The number of trips by tourists visiting Buffalo City Metropolitan Municipality from other regions in South Africa has increased at an average annual rate of 0.44% from 2012 (911 000) to 2022 (952 000). The tourists visiting from other countries increased at an average annual growth rate of -4.24% (from 54 900 in 2012 to 35 600). International tourists constitute 3.61% of the total number of trips, with domestic tourism representing the balance of 96.39%.

b. From 2012 to 2022, the number of bed nights spent by domestic tourists has decreased at an average annual rate of - 8.18%, while in the same period the international tourists had an average annual increase of 16.82%. The total number of bed nights spent by tourists increased at an average annual growth rate of 0.58% from 3.93 million in 2012 to 4.16 million in 2022.

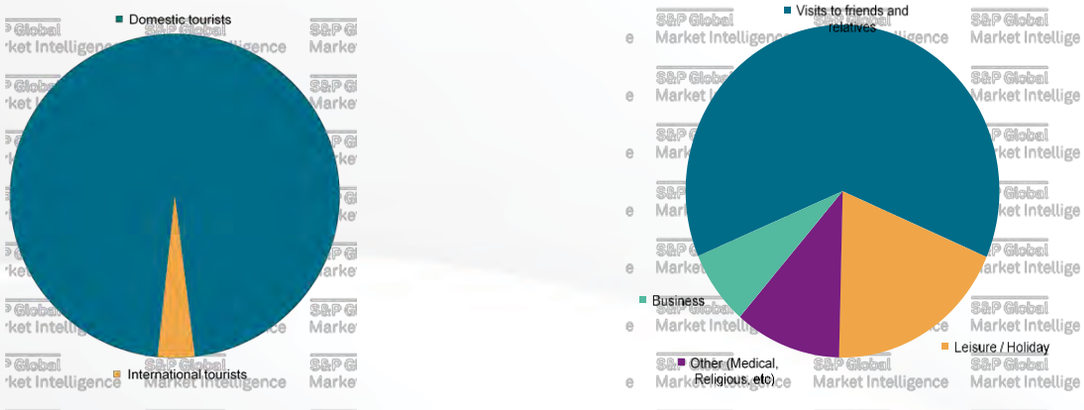


Figure 5: Tourists by origin - Buffalo City Metropolitan Municipality, 2022 [Percentage]
Source: South Africa Regional eXplorer v2443. Data compiled on 15 Jan 2024 (© 2024 S&P Global)

c. Buffalo City Metropolitan Municipality had a total tourism spending of R 4.78 billion in 2022 with an average annual growth rate of 4.4% since 2012 (R 3.12 billion). Eastern Cape Province had a total tourism spending of R 29.9 billion in 2022 and an average annual growth rate of 6.2% over the period. Total tourism spending in South Africa increased from R 230 billion in 2012 to R 333 billion in 2022 at an average annual rate of 3.8%.

d. In 2022, Buffalo City Metropolitan Municipality had a tourism spend per capita of R 5,250 and an average annual growth rate of 3.13%, Buffalo City Metropolitan Municipality ranked third amongst all the regions within Eastern Cape in terms of tourism spend per capita. The region within Eastern Cape Province that ranked first in terms of tourism spend per capita is Sarah Baartman District Municipality with a total per capita spending of R 13,600 which reflects an average annual increase

of 8.01% from 2012. The metropolitan municipality that ranked lowest in terms of tourism spend per capita is Alfred Nzo with a total of R 1,730 which reflects an increase at an average annual rate of 6.08% from 2012.

e. In Buffalo City Metropolitan Municipality the tourism spending as a percentage of GDP in 2022 was 4.77%. Tourism spending as a percentage of GDP for 2022 was 5.97% in Eastern Cape Province, 5.02% in South Africa. 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.

f. In 2022, Buffalo City Metropolitan Municipality had a tourism spend per capita of R 5,250 and an average annual growth rate of 3.13%, Buffalo City Metropolitan Municipality ranked third amongst all the regions within Eastern Cape in terms of tourism spend per capita. The region within Eastern Cape Province that ranked first in terms of tourism spend per capita is Sarah Baartman District Municipality with a total per capita spending of R 13,600 which reflects an average annual increase of 8.01% from 2012. The metropolitan municipality that ranked lowest in terms of tourism spend per capita is Alfred Nzo with a total of R 1,730 which reflects an increase at an average annual rate of 6.08% from 2012.

5.4.4 About the BCMDA

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c. **Investment Promotion** – promotion and facilitation of investment in the City, and
d. **Socio–economic Development** – the facilitation of programmes and projects geared towards socio-economic development within the City.

5.4.5 Alignment with the City

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:

f. **An inclusive and sustainable economic growth** – with rapid and inclusive growth, and falling unemployment,
g. **A clean and environmentally sustainable city** – environmentally sustainable with optimal benefits from our natural assets. A clean and health city of subtropical gardens,
h. **A globally connected city** – high quality (and competitively priced) connections to ICT, electricity, and transport networks (inside the city and to the outside world),
i. **A spatially transformed city** – the spatial divisions and fragmentation of the apartheid past are progressively overcome, and township economies have become more productive, and
j. **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.

5.4.6 BCMDA Strategic Goals/ Outcomes

The Agency has 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 Agency over the term are:

Outcome 1: ***A dynamic tourist destination***	• Focuses on increasing the number of tourists coming into the City through creating an enabling environment for tourism product development and/ or enhancement.
Outcome 2: ***Attractive city for global investment.***	• Deals with increasing the size and ROI of the Agency's investment portfolio in Tourism, Property, and Industrial Sectors so that it can make the Metro increasingly economically active and competitive.
Outcome 3: ***Vibrant and attractive local spaces.***	• Focuses on acquiring property for development, management, revitalisation of urban and rural spaces in the Metro, implementation of integrated initiatives for beachfront development so that the Metro can cope with pace of urbanisation
Outcome 4: ***Inclusive and resilient economy***	• Focuses on implementing the Agency's socio-economic development programme that improves access to meaningful work opportunities for identified beneficiary groups within the City. This includes the implementation of economic diversification and expansion projects
Outcome 5: ***An efficient, well-governed and viable agency***	• Focuses on the performance of the agency against four key areas: financial health; performance excellence; as well as governance & compliance excellence.

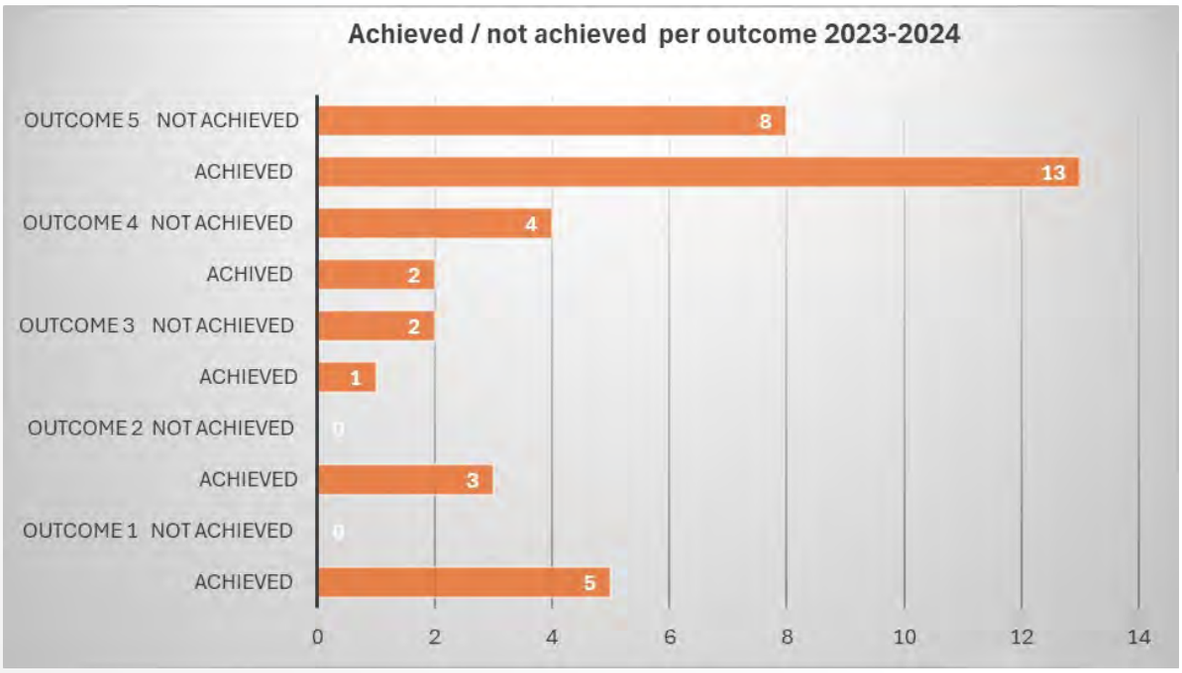
5.4.7 Institutional Programme Performance 2023/2024

The institutional performance in the five strategic outcomes will be measured through a set of outputs set for the upcoming financial year and the MTEF. For measurement purposes, the Agency has defined key performance indicators (KPIs) for each output (henceforth referred to as key performance area) which was approved in May 2023 and subsequently revised during the mid-year review. The mid-term review brought into sharp focus the availability of resources and the various challenges with respect to project management and implementation of infrastructure projects. The performance here is based on the revised annual performance plan submitted along with the revised budget. Investment Promotion, Tourism Development and Socio-Economic Development Units.

This area of work involves the work undertaken in Outcome 1 namely a dynamic tourist destination, Outcome 2 which is an attractive City for global investments and Outcome 4 an Inclusive and resilient economy.

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 BCMDA 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.



5.4.7.1 Investment Promotion, Tourism Development and Socio-Economic Development Units

This area of work involves the work undertaken in Outcome 1, namely a dynamic tourist destination, Outcome 2 which is an attractive City for global investments and Outcome 4 an Inclusive and resilient economy.

During the review at mid-year, six targets remained the same, one target was removed, wording was reviewed, and adjustments were made due to resource constraints.

Table 12: Annual targets for Investment Promotion and Socio-Economic Development Units

Output Indicator	*2023/24 Annual Targets*	*Adjusted 2023/24 Budget*	*Achievements / Progress*	*Comments*	*Corrective Measure*
Number of tourism routes supported with storyline development	2 Tourism routes supported with storyline development	R 700 000 1 of 2	Achieved	Story lines were developed for Qonce, Zwelitsha, Bhisho and Dimbaza	None
Number of tourism routes supported with interpretive board development	2 Tourism routes supported with interpretive boards	R 700 000 1 of 2	Achieved	Interpretive Boards were developed for Mdantsane, Dimbaza	None

Output Indicator	2023/24 Annual Targets	Adjusted 2023/24 Budget	Achievements / Progress	Comments	Corrective Measure
				and Esplanade and are available online.	
Number of public art features installed	3 public art features installed	NIL	Achieved	These public art features were in: - Steve Biko Bridge, - Southernwood Park, - Oxford Street.	None
Number of events attracted to BCMDA facilities.	5 Events attracted to BCMDA facilities	NIL	Achieved	The events were: - Glen Levet Jazz Town - Road to Standard Bank Joy of Jazz - Monster Flight Night. Moya Tutorial – - Jazz by the Stoep. - Easter Monday Picknick - Buffalo City Beach Fest. Herbal Life- - Outdoor Gym Events	These events were attracted to the facilities however the facility was not opened.
Implementation of TIM	Draft Reviewed and Updated TIM	R260 095	Achieved	The TIM was reviewed and updated	None
Number of land parcels identified for investment opportunities.	2 land parcels identified	NIL	Achieved	4 parcels were identified. - Settlers Way- Chester Road - Commercial Road- Avenue Street - Buhlanti- Buccaneers Precinct - Qonce / Bisho Precinct	None
Number of investments secured into BCMM	1 investor secured	NIL	Achieved	The investor secured was namely Vunani Capital for Sleeper Site development	None
Value of investment facilitated	R350 million investment facilitated[3]	NIL	Achieved	The Sleeper Site investor was secured as reported.	None
Number of economic diversification projects initiated	1 economic diversification projects initiated (MacLean Town)[4]	NIL	Not achieved	The appointed service provider did not deliver the support needed on time.	Project was terminated by supply chain however the planting season closed.
Number of CSI projects initiated	4 CSI projects initiated	R28 500	Not achieved	The CSI projects were not initiated due to lack of resources that were diverted.	Confirmation of resources prior to planning.
Number of jobs created through Public Employment programme	210 jobs created and sustained	R14 304 139	Achieved	As part of the public employment programme	None

[3] Subject to the finalisation of Sea View Terrace
[4] Subject to the budget availability for transactional advisors

5.4.7.2 Property Development and Management

This area of work includes the work of Outcome 3 which is Vibrant and attractive local spaces.

During the mid-year review, three key performance indicators were reviewed downwards due to operational conditions at the time. Planning was undertaken based on an estimate of the processes required toward year end however external risks beyond the control of the Agency, litigation and management of current projects delayed the implementation of the targets since resources had to be diverted to other areas of work.

Table 13: Annual targets for Property Management and Development Unit

Output Indicator	*2023/24 Annual Targets*	*Adjusted 2023/24 Budget*	*Achievements / Progress*	*Comments/ Challenges*	*Corrective Measure*
Number of socio-economic projects implemented and under management	2 socio-economic projects implemented and under management.	R 200 000	Achieved	The Duncan village waste management programme and the Public employment programme was managed by the Unit	None
Number of Policies developed for revitalization of rural and urban spaces	1 Urban Node/ Rural node	R 300 000	Not achieved	The policy was developed but not taken through the governance committees	Process the policy through the various governance committees
Number of properties under design	1 Property (Esplanade)	R 5 000 000	Not achieved	The scope for the project changed due to the district development model	The public and stakeholder consultation process to restart.
Number of beach sites renovated.	1 beach site (Winter strand Beach)	R 1 000 000	Not achieved	The budget for construction was not available	Project was withdrawn
Number of property development projects completed and handed over.	1 project completed (Water World Fun Park)	NIL	Not achieved	Legal processes with the contractor took longer than anticipated	Alternative mechanisms are being pursued to complete the project.
Number of private property investments that get all the necessary approvals from both local and provincial government.	5 projects at Sleeper Site, Marina Glen A, Seaview Terrace, Water World Hotel Site and Victoria Grounds	NIL	Not achieved	All the documents necessary for development of the sites have been sourced from the City.	None

5.4.7.3 Group Support Services

Group services and administration offers key strategic and operational support services to the core business units. The main purpose of group services is to provide a seamless, efficient and effective administrative support function that are regulatory, leadership, corporate and statutory. These functions support three business units:

a. Office of the CEO, inclusive of Strategy, Research, Risk, Fraud and Compliance Management and Internal Audit.
b. Chief Financial officer, inclusive of Supply Chain and Financial Management.
c. Corporate Services, inclusive of Human Capital, Information Communication and Technology (ICT) and document management.
d. Legal and Company Secretary.

Table 14: Annual targets for Group Services

Output Indicator	2023/24 Annual Targets	Adjusted 2023/24 Budget	Achievements / Progress	Comments/ Challenges	Corrective Measure
Health of financial ratios	Liquidity = 2:1	R 99 697 746	Not achieved	1,62:1	Due to budget restrictions during mid-year review.
Implementation of a Financial Sustainability Strategy	Implementation and Monitoring of Financial Sustainability Strategy	R 1 526 192 (Interest) R 1 071 893 (PM Fees)	Achieved	- Operational Grant of R44 million. - Interest of R 1686 008; - Project management fees of R 782 790	None
Compliance on financial planning, administration and reporting requirement	100% compliance	NIL	Achieved	- Financial and performance reports have been submitted. - All creditors were paid within 30 days except where there is a court order. - Monthly budget statements were submitted by the 7th working day - Reconciliation of revenue, expenditure, assets, and liabilities was performed. - EMP 201 returns were submitted within 7 days. - VAT 201 returns the were submitted by the last working day of the month. - Updating and maintenance of fixed asset register – FAR was done. - Monitor mSCOA compliance – Transacted on mSCOA and integrated with the City. - % Compliance with Supply Chain Management Policy - 100% compliance - Annual procurement plan was monitored on an ongoing basis. - - Monthly evaluation of supplier performance and maintenance of	None

Output Indicator	2023/24 Annual Targets	Adjusted 2023/24 Budget	Achievements / Progress	Comments/ Challenges	Corrective Measure
				contracts register was performed	
Improved Audit Outcome	Unqualified Audit Opinion without findings	R 997 360	Not achieved	n/a	To be determined by post audit
Expenditure incurred	97% Spending of grant from the City	R 53 182 078	Achieved	97% Spending of grant from the City	N/A
Improved percentage implementation of recommendations from External and Internal Audit Reports	90% Implementation of recommendations from External and Internal Audit reports	R 400 000	Achieved	All findings for the division have been resolved.	N/A
Percentage LEVEL ONE BBBEE expenditure on procurement of goods and services	75% LEVEL ONE BBBEE expenditure on procurement of goods and services	NIL	Achieved	90.97%	N/A
Percentage of Organisation Design & Development Programme implemented	100% implementation of planned OD & D projects	R250 000	Achieved	The Agency initiated Organisational review process internally in Q4. Draft Structure was developed and workshopped. Further engagements are planned for Q1.	n/a
Submission of legislated reports to the Department of Labour	Submission of COIDA and WSP	R200 000	Achieved	WSP and COIDA were submitted on time.	n/a
Number of HRM & D strategies developed	Develop an HR strategy for Agency	NIL	Not Achieved	Organisational Review process initiated in Q4. HRM Strategy will be developed after the completion of Organisational review process.	The priority was given to the development of People and Culture Strategy which is till WIP. HRM Strategy will be developed after finalization of ODD Project
Submission of all staff performance related documents	- 100% of PC/ work plan and PDP - 100% submis-sion of disclo-sures	R 314 686	Achieved	N/A	n/a

Output Indicator	2023/24 Annual Targets	Adjusted 2023/24 Budget	Achievements / Progress	Comments/ Challenges	Corrective Measure
	- 100% submission of performance reviews				
Annual training budget spent	95% spend	R250 000	Achieved	100% spent on approved training budget	n/a
Percentage availability of ICT system achieved	95% uptime	NIL	Achieved	99% uptime	n/a
Percentage completion of fail over tests	100% completion (i.e., 4 tests successfully conducted per annum)	NIL	Achieved	100% (i.e. 4th fail over test successfully conducted)	n/a
Percentage adherence to prescribed help desk response time	<3 hours	NIL	Achieved	<3 hours help desk response time	n/a
Annual General Meeting held within the prescribed timeframe	1 meeting organized annually	NIL	Not achieved	The AGM was scheduled however awaiting confirmation from the Shareholder	Constant engagements with the Shareholder to finalize the AGM
Board Charter reviewed and updated	Review Board charters	NIL	Not achieved	Review of the Charter was planned but delayed by changes in the Board structure.	This is planned for during Q1/Q2 of the new financial year.
Board secretariat and legal support services provided in adherence to agreed service levels	AFS Lodged with CIPC by Q4 annually	R307 120 (Board Secretariat) R1 150 000 (Legal Services)	Not achieved	The delay due to the resignation of the Company Secretary.	The service provider has been tasked to finalize the lodgment.
Service Delivery Agreement with BCMM reviewed and updated	Approval of revised SDA by Council	NIL	Not achieved	The SDA has been reviewed and tabled to the Board on 21 June 24.	The reviewed founding documents are being reviewed by the Shareholder.
Number of engagements converted to Strategic Partnerships	2 engagements converted to Strategic Partnerships	NIL	Not achieved	The revised policies and processes have been developed to achieve this KPI.	The action will be taken during the new financial year.
Number of communication strategies developed and approved	1 communication and stakeholder strategy revised and approved	R 1 160 000	Achieved	The policy has been reviewed and presented to the board which was approved effective 1 July 2024.	None

5.5 HIGHLIGHT 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

5.5.1 OUTCOME 1: DYNAMIC TOURIST ATTRACTION

5.5.1.1 Tourism Development Policy Development

During the year under review, the Unit spent time focusing on the development of internal governance systems, to this end the Tourism Policy as well as Public Art Policy.

The aim of the policy is to give guidance to how the BCMDA goes about in growing the number of international tourist arrivals, increase in their direct spend, length of stay and geographic spread. Growing the number of domestic tourist trips (including day trips), length of stay, direct spend and geographic spread.

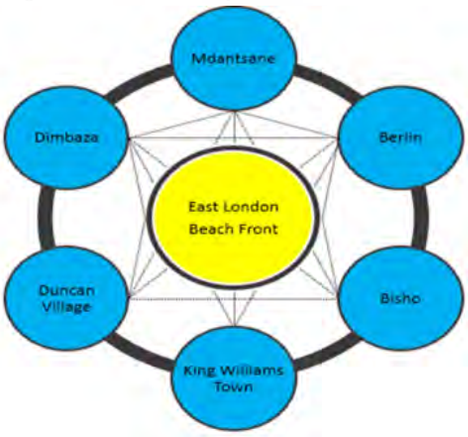


The purpose of the policy document is to reinforce the BCMDA placemaking agenda. The public art policy document thus aims to guide the procedures for the commissioning and de-commissioning of public artworks in designated areas of Buffalo City. Establishing the permitting process of public art. The ongoing management and maintenance of the public art portfolio. The identification and allocation of roles to different role players in the public art development process.

5.5.1.2 Tourism: 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 6: 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.

5.5.1.3 Tourism: Esplanade Route

In line with the tourism route development programme, the Agency started the process of installation of interpretive boards. The process commenced with the installation of 12 boards at the Esplanade.



Figure 7: Esplanade interpretive boards

5.5.1.4 Duncan Village Route

Interpretive boards were also developed as well as a route concept and business cases. Furthermore, the Agency embarked on a 2nd round of consultation with stakeholders on the content of Duncan Village.

5.5.1.5 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 a second stakeholder consultation session held in June 2014.

5.5.1.6 Qonce – Bisho-Zwelitsha Route

The BCMDA held a consultation session with the public to share the content as well as harvest content for additional ideas on Qonce, Bisho and Zwelitsha routes. The intended outcome of the process is the development a route concept, business cases, interpretive boards and public art features in Qonce, Bisho and Zwelitsha.



Figure 8 : Consultation and Exhibition on Route Development in Qonce

5.5.1.7 Project Packaging

The BCMM acts as a tourism agency to promote tourism within BCMM. A high priority has been placed on tourism development by BCMDA with the aim of diversifying tourism offering of the metro as well as creating opportunities for previously marginalised spaces within the metro. In this regard work on route development focuses on content development, route mapping, public art, business opportunity identification (Business Cases) and infrastructure development.

A catalogue of opportunities to unlock investment value proposition for each route the BCMDA was developed and incorporated a number of exciting projects and investment opportunities.

5.5.1.8 Public Art Development

The development of various public art paintings(murals) commenced on Steve Biko Bridge, Settlers Way Road, the Esplanade and Baby Lee Jagels Park. The art is informed by a Xhosa culture inspired art pattern which was presented and approved by various stakeholders including the Border Kei Chamber of Business (BKCB) beautification committee and Buffalo City Tourism.



Figure 9 : Retainer wall at Esplanade



Turnbull Street

During the year under review this work continued at Esplanade (retainer wall) and further extended to Turnbull Street, Settler's Way and St. Georges Street public art. This programme has been implemented by the BCMDA through a partnership with Walter Sisulu University, BKCB and the Municipality. A total of 20 unemployed fine arts graduate artists from Walter Sisulu University were engaged in the programme as part of their experiential learning programme.



Figure 10: Design for artwork around the Cit

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.

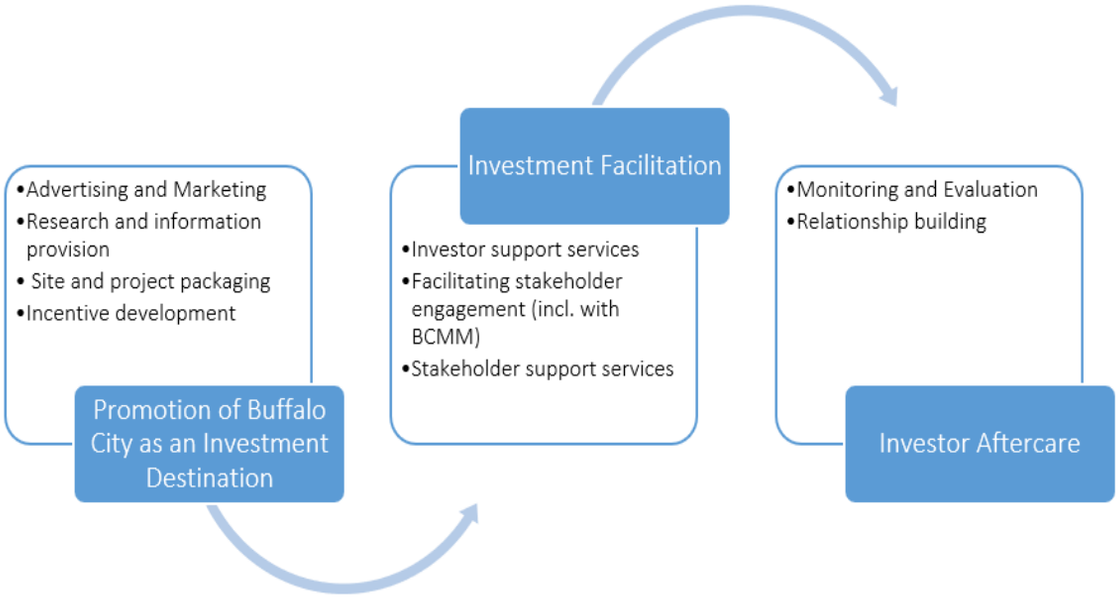


Figure 11: Investment Management flow

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-hector 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 attack 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 kay 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.

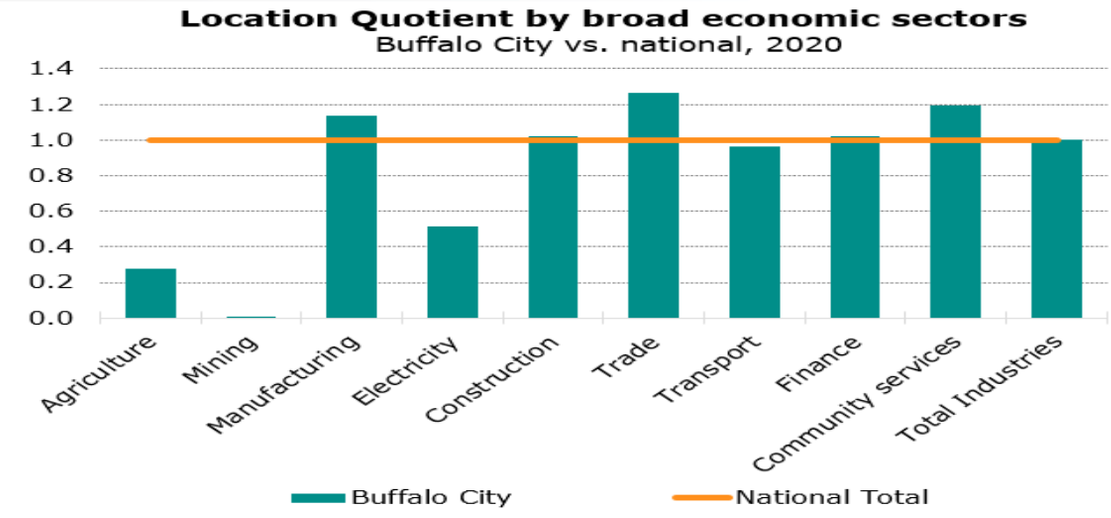
As part of its aftercare investment agenda, the agency continues to engage exiting investors in East London, these engagements have been on a one-on-one basis but also through group sessions consultations. A notable engagement in this regard was with investors in the Quigney and West Bank wards. The 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.

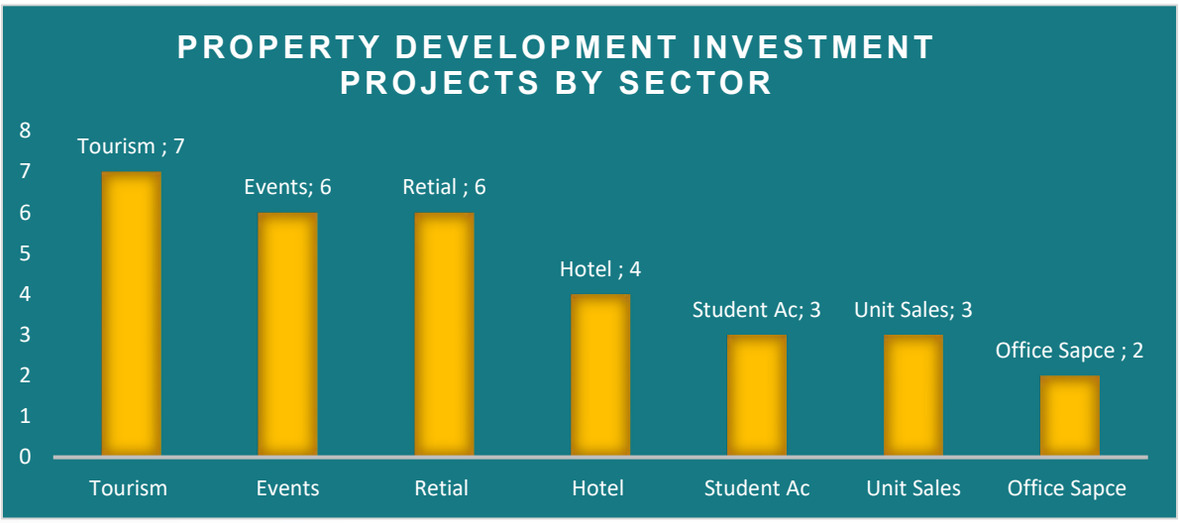
5.6.2.4 Assessment of the current context.

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 BCMMM enjoys above national concentration of industry in the manufacturing, trade, and community services. The metro also has a good concentration of industry in construction and finance. This research however shows that the metro does not explain the agriculture and electricity sectors where it has low levels of concentration but does the factors of production and demand to growth these sectors. The BCMDA will be looking at such challenges going forward in its research and project development work.



BCMDA seeks to diversify its property investment portfolio, which has been dominated by tourism related developments 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 Victoria Grounds project demonstrates that the Metro needs to find a more sustainable approach to the management of sporting facilities. BCMDA intends to look int this area as develop a framework on how to best manage these facilities and bring much needed capital investment into these assets.

5.6.3 OUTCOME 3: A ROBUST PROPERTY MARKET

Here is a brief progress report on infrastructure projects in Execution:

a. Completion of Court Crescent Recreational Park – the Park was officially launched and opened to the public in November 2023. The facility has been capitalized, officially making it an asset of the City. The daily maintenance of the facility was carried out through the Public Employment Programme (PEP) until 30 June 2024. Security se services were also rendered until the end of June 2024.
b. Completion of Water World Fun Park - Construction works on site were suspended in April 2023, following the contractor's termination and subsequent arbitration. To date there is no certified value/claim by the contractor, due to disputes.

Due to non-activities on site the site has, and continues to, suffer damage owing to the elements and overgrowth, as well as vandalism.

c. The environmental cleaning services at Marina Glen B (Ebuhlanti) and Esplanade (along the Eastern Beach) were successfully rendered until the natural expiry of the contract in December 2023. The rendering of these services assisted in maintaining a clean and environmentally friendly space.
d. Duncan Village Waste Management Programme: Waste collection and recycling

continues, with Duncan Village as a pilot. The programme is piloted in five wards within Duncan Village, with 15 participants per ward and administrative staff operating the static buy-back centre. The static buy-back centre attracts volumes of recyclable materials for offtake to the market. Desing and construction of a new Buy-Back Centre will commence in the new financial year.

e. Business Improvement Initiative with Oxford Street as a pilot was awarded to Pholisani Capital. Research was submitted to the Agency, and awaits Board presentation and approval before it goes to the Council.
f. Esplanade Masterplan – Engagements with urban planners, for best solutions on the development of the Esplanade and Quigney precinct, have been initiated.

Outcome 4: DELIVERED SOCIO-ECONOMIC PROGRAMMES

BCMDA is mandated to conceptualise, plan, and execute catalytic socio-economic development projects. The Unit is charged with a mandate to roll out socio 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 and also 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 has started to take root, it is the short term to medium objective of the programme to provide support to SMMEs in line with the BCMDA SMME Policy and Strategy. In promoting improved livelihoods, the Unit also looks at creative approaches to job creation through partnerships with programmes such as public employment work. The Socio-economic Development Unit amongst others is responsible for the following programmes:

a. Implement projects with direct impact and improvement to marginalized groups.
b. Rural Development programs
c. SMME development strategies
d. Partnerships and CSI Projects

The following is a status quo of current programmes that are geared toward ensuring that the Agency becomes more responsive to socio economic development needs:

The following Socio-Economic Programmes are under implementation:

5.6.3.1 Rural Development Projects

5.6.3.1.1 Small scale farmer's support

In line with Outcome 3 to deliver socio-economic development programs, revitalising agriculture and agro-processing value chain was identified as one of the key sectors needed to be responded to. The Agency in this regard allocated budget support the economic regeneration projects at Shushu B and Maclean Town. Both these are projects are agricultural, and the funding is allocated for provision of agriculture inputs for small scale farmer's support.

Currently, service provider to delivery relief support in form of agriculture inputs has been appointed and due to nature of the inputs, the service provider was expected to deliver before the end of ploughing season in Quarter 3 but failed to deliver. The service provider's order was cancelled, and the project closed.

5.6.3.2 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:

5.6.3.3 Integrated Waste Management, Greening And Beautification Programme

BCMDA together with BCMM secured conditional grant funding from the National Treasury to roll out a waste management, greening and beautification programme. The programme encompasses 6 components i.e., Waste management, greening, coastal guards, public art, textiles & prints and public education & awareness. This project forms part of the Good Green Deeds and city-wide waste management projects funded by the national Department of Environmental Affairs. Participants work an 8-hour day for 6 days and are further capacitated with various training opportunities.

Generally, the programme is implemented through the EPWP guidelines therefore, recruitment of participants is inline with the prescribed determination and the recruitment of administrative staff was done within the BCMM through interview. On start of the programme, Participants partook in an extensive induction programme which was conducted in partnership with the Department of Employment and Labour.

The programme offers the following services:
Conventional PEP – street cleaning, removal of waste in illegal dump sites and public open spaces. Waste collection. Waste Transportation. Greening
Innovative PEP - Public Art, Textiles and Prints, Public Awareness and communication, Coastal patrols

5.6.3.4 Project Location

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. Coastal patrol is located at Esplanade Street in Quigney, pilot for public art is located at Steve Biko Bridge in East London whilst textile and print are located at King Williams Town.







Waste pickers, grass cutters and coastal guard's participants are still on month-to-month renewable contracts pending availability of budget. The overall number of participants for P.E.P to date is 256. This number includes 230 Waste pickers, 10 grass cutters, 4 Coastal guards, 9 supervisors and 3 Office staff.

All these components have played a crucial role in the accomplishment of the programme deliverables through success stories of bringing safety to City, beauty and exposure of the City to the holiday makers and in providing needed publicity of the programme through BCMTV media coverage and other social media platforms.

For the better part of the financial year, the project steering committee hasn't been sitting, and this has created a number of problems resulting in project holdups, lack of decision making, and suffering as some of the decisions aren't implemented properly.

Certainly, the project received an approved rollover of R4.9m for unspent funds from the previous financial year and this has helped to improve the financial capacity of the programme as it has been suffering from budget limitations and as such contracts of all participants ended on 30 June 2024.



The City has experience massive rains and there was a need for gutter clearance and grass cutting especially in public areas.

The following tables show the current participation statistics by end of the Financial Year:

	MID-LAND	IN-LAND	COASTAL	GRASS CUTTERS	SECURITY GUARDS	OFFICE STAFF	TOTAL
No. Participants	26	61	143	10	4	12	256
Females	21	47	117	0	3	6	194
Males	5	14	26	10	1	6	62
Youth	9	23	66	1	1	2	102

5.6.4 OUTCOME 5: A WELL-GOVERNED AND VIABLE AGENCY

A key strategic objective of outcome 5 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 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 outcme forms 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 the creation of a sound research platform.

The above outcome has 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 outcomes 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

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.

6.6 Human resources profile

Table 15: BCMDA Staff Profile

BCMDA Staff Turnover	*Actual*
Permanent employees at the start of the period – 01 July 2023	**15**
Contract positions at the start of the period-01 July 2023	**18**
Interns- 1 July 2023	**2**
Add: Recruitment for 23/24	**7**
Less (for 23/24)	
- Resignations	**7**
- Deaths	**0**
- Dismissals	**0**
- Retirements	**0**
- Terminations	**2**
Total permanent employees as of 31 July 2024	**12**
Contract Employees as of 31 July 2024	**15**
Total employees at the end of the period as of 31 July 2024	**29**
TOTAL STAFF ESTABLISHMENT	**29**
Less Actual positions filled	**7**
Vacancy rate	**20,5%**

6.7 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.

6.8 Recruitment for 2023/24

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 16: Recruitment for 2023/24

NO.	*POSITION*	*UNIT*	*ENGAGEMENT DATE*
1.	Project Liaison Officer	CEO's office	**01/08/2023**
2.	Chief Financial Officer	Finance	**15/08/2023**
3.	Programme Management: Building Civil Engineering	PPDM	**01/10/2023**
4.	Executive Manager: Corporate Services	Corporate Services	**01/11/2023**
5.	Manager: Company Secretary & Legal Services	CEO's office	**01/12/2023**
6.	Chief Executive Officer	CEO's office	**01/01/2024**
7.	Stakeholder Engagement & Communications Administrator	CEO's office	**01/01/2024**

6.9 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 2024 as per the employment equity principles in terms of **gender** is reflected as below:

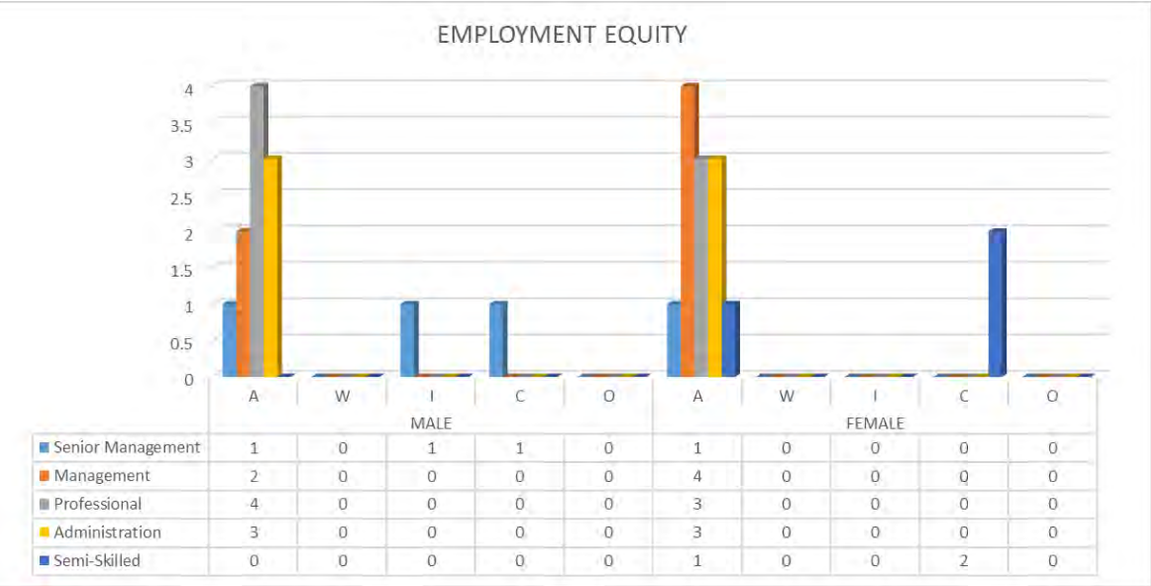


Figure 12: Employment Equity

6.10 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 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 2023/24 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.

6.11 Skills Development and Capacitation

The BCMDA is committed to staff training and development, ensuring professional delivery and a competitive edge. It aims to provide integrated learning experience to its employees that will strengthen their commitment to the Agency values, enhance leadership capability, and improve BCMDA's capacity to meet current and future business requirements. 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 follow

Table 17: Training/ courses and workshops

TRAINING/ COURSE/ WORKSHOP	NUMBER OF EMPLOYEES	DATES OF TRAINING
1. Public Sector Finance Training	2	04-05 July 2023
2. CaseWare Training	4	06-07 July 2023
3. Africa Trade Conference	1	20-21 August 2023
4. Cigfaro Conference	3	24-26 October 2023
5. Mscoa Conference	2	December 2023
6. Advanced Excel	7	24-26 January 2024 & 13-15 March 2024
7. Project Management	2	21-23 February 2024
8. Construction Procurement	3	28 - 01 March 2024
9. Advanced Excel	3	13-15 March 2024
10. Draft Budget Working Session	2	09-12 April 2024
11. Sage 300 Payroll Training	2	20-22 May 2024
12. Prince2 Agile	1	10-14 June 2024
13. Project Management	2	26-28 June 2024

6.12 Employee Benefits

The BCMDA participates in two retirement benefit schemes: the Old Mutual Superfund Scheme and the Consolidated Retirement Scheme. Contributions of which are deducted through the payroll and paid directly into both schemes.

6.13 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%.

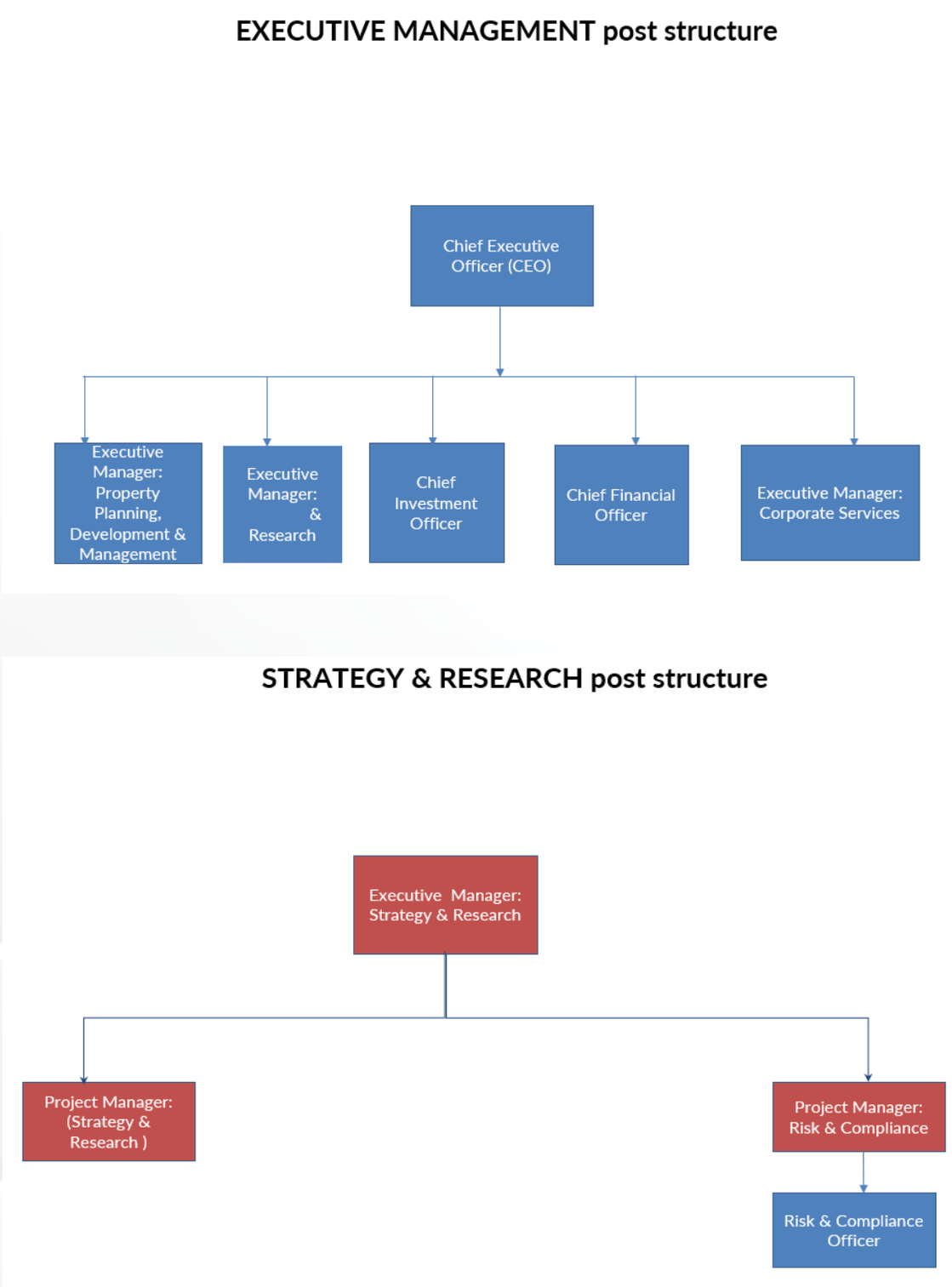
Table 18: Cost of employees

Financial Year	Total Operating Expenditure (OPEX) R million	Cost of Employees (COE)[5] 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
2022/2023	76 835 273	45 851 453	96	40
2023/2024	63 679 513	43 521 043	-5	32

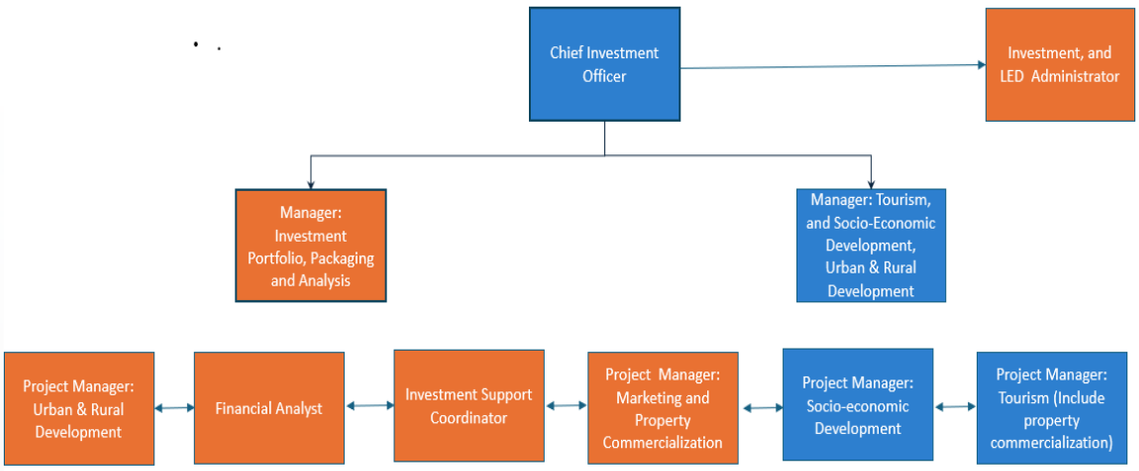
[5] Included in the COE is the cost for Project related employee costs.

6.14 Organizational Structure

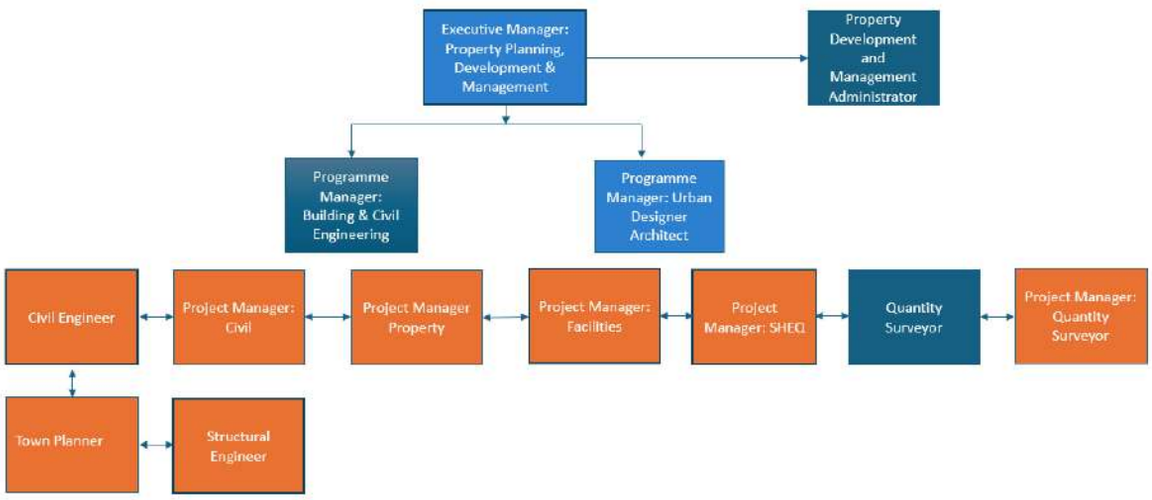
Figure 13: BCMDA organisational structure



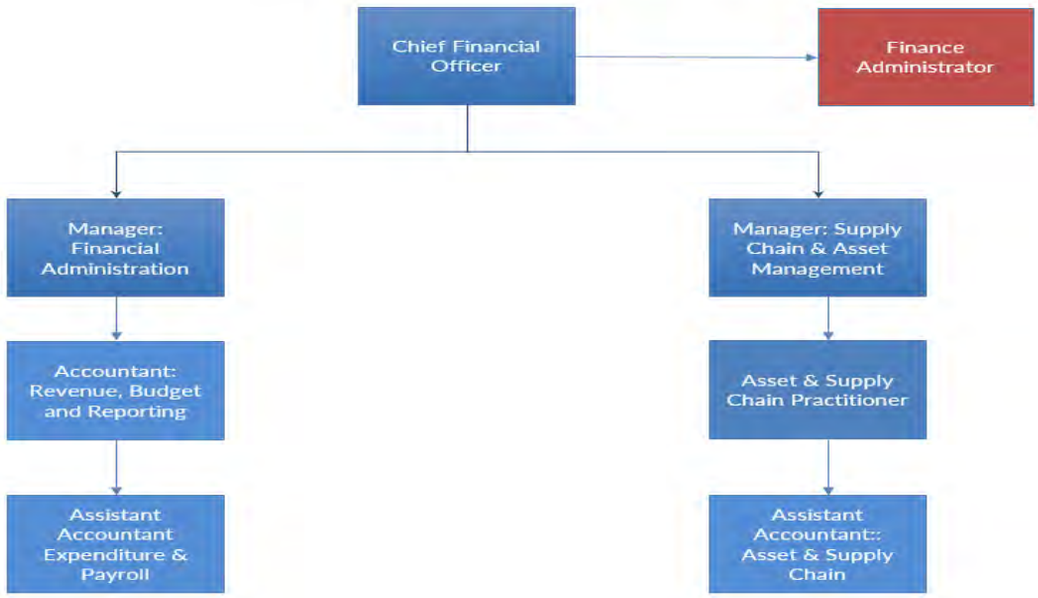
INVESTMENT POST STRUCTURE



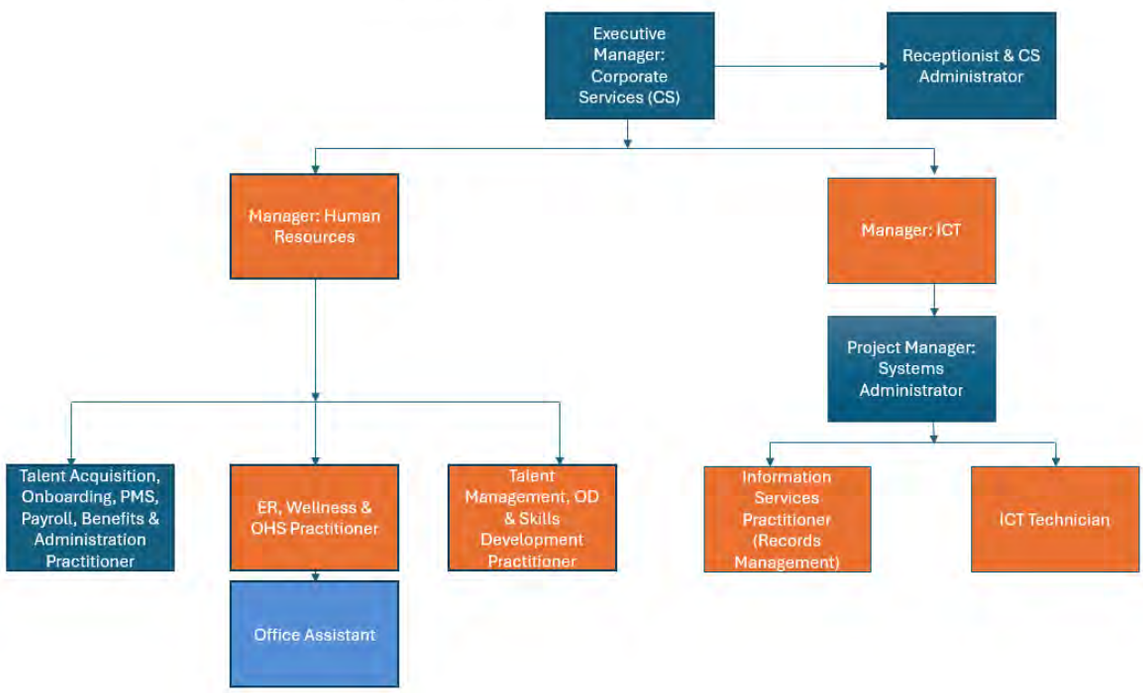
PROPERTY PLANNING, development & MANAGEMENT POST structure



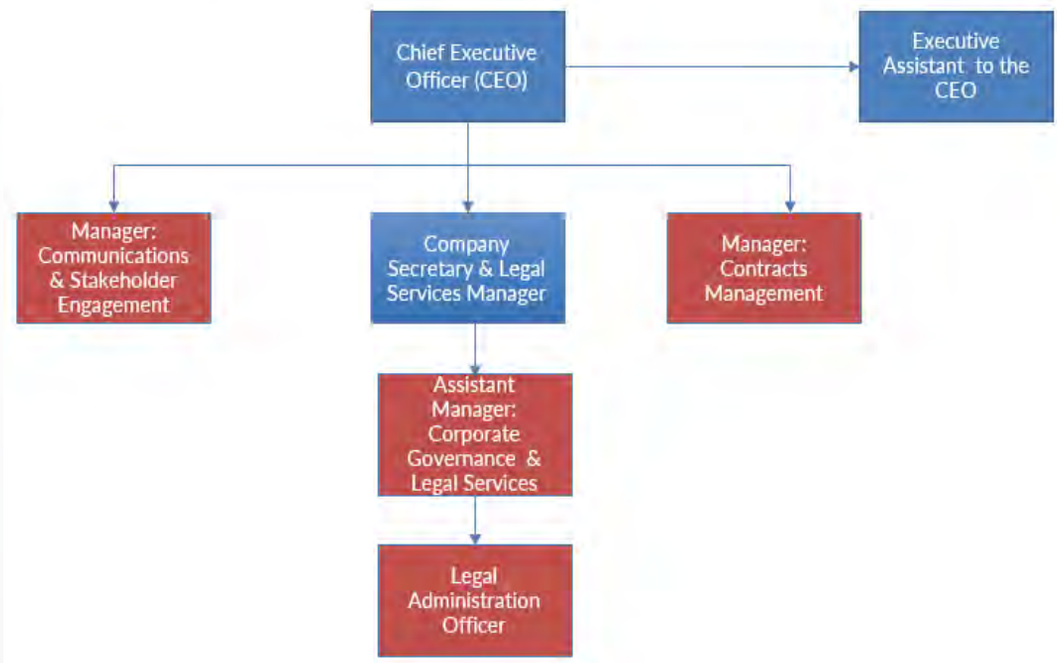
FINANCE POST STRUCTURE



CORPORATE SERVICES POST STRUCTURE



BOARD SECRETARIAT AND LEGAL SERVICES





COMPONENT G

SUPPLY CHAIN MANAGEMENT

5.5.2 Bid Committees

In line with the legislative prescripts, the Accounting Officer appointed bid committees to serve during the period 03 July 2023 to 30 June 2024. These committees are constituted as follows:

Table 19: Bid Committee members

Bid Specification Committee (BSC)	*Bid Evaluation Committee (BEC)*	*Bid Adjudication Committee (BAC)*
Mr. A. Manciya (Manager: Supply Chain and Asset Management) – Office of the CFO.	Ms. Z. Madabane (Supply Chain and Asset Practitioner) – Office of the CFO.	Mrs. B. Lubelwana (Chief Financial Officer) – Chairperson. (from 16 August 2023)
Mr. O. Makalima (Manager: Marketing and Communications) – IPTD.	Mr. T. Sindane (Project Manager: Tourism Development) - IPDT	Mr. A. Manciya (Manager: Supply Chain and Asset Management) – Office of the CFO.
Ms. N. Zokufa (Manager: Stakeholder Management) – Office of the CEO	Mr. N. Sikoti (Project Manager: Systems Administration) – Corporate Services	Dr. L. Govender (Executive Manager: Strategy & Research) Office of the CEO. (from 10 August 2023)
Ms. T. Hangana (Executive Manager: Property, Planning, Development and Management) – PPDM – Chairperson (from 03 July 2023 to 31 July 2023)	Mr. O. Makalima (Manager: Marketing and Communications) – IPTD – (from 23 August 2023)	Mrs. A. Ntshokoma (Acting Executive Manager: PPDM) – PPMD. (from 17 August 2023)
Ms. S. Mazantsana (Executive Personal Assistant) – Office of the CEO (from 03 July 2023 to 30 September 2023)	Mrs. N. Y. Mqoqi-Mondi (Programme Manager: Building & Civil Engineering) – PPDM - (from 01 November 2023)	Mr. N. Van Wyk (Executive Manager: Corporate Services) – Corporate Services. (from 16 November 2023)
Mrs. A. Ntshokoma (Acting Executive Manager: PPDM) – Chairperson (from 10 August 2023)	Mrs. Z Thomas (Company Secretary) – Office of the CEO. (from 26 February 2024 to 06 May 2024)	Ms. S Mgudlwa (Acting CFO) - From 27 June 2024
Mrs. F. Goniwe (HR Practitioner) Corporate Services – (from 10 August 2023)	Mr. X. Hlathi (Project Manager: Socio-Economic Development) – IPTD. (From 1 July 2024 to 31 May 2024)	Mr. S. Peter (Interim Chief Financial Officer) – Chairperson (from 03 July 2023 to 16 August 2023)
Mrs. N. Y. Mqoqi-Mondi (Programme Manager: Building & Civil Engineering) – PPDM - (from 26 February 2024)	Dr. L. Govender (Executive Manager: Strategy & Research) Office of the CEO. (from 03 July 2023 to 09 August 2023)	Ms. T. Tongo (Chief Investment Officer) Office of the CEO (from 03 July 2023 to 31 July 2023)
Miss A. Vabuhlungu (Junior Accountant: SCM and Asset Management) – Office of the CFO. Secretariat	Mrs. A. Ntshokoma (Acting Executive Manager: PPDM) – PPMD. (from 03 July 2023 to 16 August 2023)	Ms. T. Hangana (Executive Manager: Property, Planning, Development and Management) – IPTD - (from 03 July 2023 to 31 July 2023)
	Ms. N. Zokufa (Manager: Stakeholder Management) – Office of the CEO (from 26 February 2024)	Ms. F. Goniwe (Acting Executive Manager: Corporate Services) – Corporate Services (From 03 July 2023 to 17 August 2023) & 01 November 2023
		Ms. N. Zokufa (Manager: Stakeholder Management) – Office of the CEO. (from 03 July 2023 to 23 February 2024)
		Miss A. Vabuhlungu (Junior Accountant: SCM and Asset Management) – Office of the CFO. Secretariat

5.5.3 The roles of the Committees

5.5.3.1 Bid Specification Committee

a. Consider all bids above the threshold value of R750 000 (this threshold was previously R200 000 until December 2023), bids whose project duration exceeds 12 months as well as other bids as and when required.
b. 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 20: Bid Specification Committee meetings

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMMENT
BSC	07 September 2023	1	80%	The attendance below 100% was due to leave and other urgent commitments.
	04 October 2023	1	80%	
	10 October 2023	1	80%	
	19 October 2023	3	80%	
	10 November 2023	2	60%	
	05 December 2023	2	80%	
	06 December 2023	2	80%	
	12 December 2023	2	60%	
	15 March 2024	2	75%	
	22 March 2024	1	75%	
	05 April 2024	1	75%	
	14 May 2024	1	100%	
	06 June 2024	1	100%	

5.5.3.2 Bid Evaluation Committee

a. Evaluate all procurements 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 21: Bid Evaluation Committee meetings

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMMENT
BEC	25 July 2023	1	66.66%	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.
	26 July 2023	1	100%	
	27 July 2023	2	100%	
	03 August 2023	1	66.66%	
	04 August 2023	1	66.66%	
	28 August 2023	1	100%	
	12 September 2023	1	100%	
	18 September 2023	1	100%	
	21 September 2023	2	100%	
	31 October 2023	2	100%	
	06 November 2023	1	100%	
	09 November 2023	1	100%	
	13 November 2023	1	100%	
	27 November 2023	1	100%	
	12 December 2023	1	100%	
	05 March 2024	1	100%	
	06 March 2024	1	100%	
	07 March 2024	2	100%	
	11 March 2024	1	100%	
	12 March 2024	1	100%	
	25 March 2024	1	100%	
	04 April 2024	1	100%	

5.5.3.3 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 22: Bid adjudication Committee meetings

COMMITTEE	SITTING DATES	NUMBER OF TENDERS CONSIDERED	MEMBER ATTENDANCE	COMMMENT
BAC	27 July 2023	9	100%	The 83% attendance was due to other Agency commitments and leave.
	25 August 2023	1	100%	
	27 September 2023	2	100%	
	28 September 2023	1	100%	
	18 October 2023	1	100%	
	01 November 2023	1	83%	
	28 November 2023	1	83%	
	08 December 2023	1	83%	
	19 December 2023	1	83%	
	08 March 2024	1	100%	
	10 April 2024	3	100%	
	27 June 2024	3	100%	

5.6 Expenditure on B-BBEE

The following tables provide a complete picture of expenditure per B-BBEE category as at 30 June 2024. For the year under review the Agency had set a target of 75% expenditure on B-BBEE level one and the actual achievement was 90.97%.

Table 23: Expenditure on B-BBEE

SUMMARY OF BBBEE EXPENDITURE		
BBBEE CATEGORY	**AMOUNT**	**PERCENTAGE**
Level One	R20 272 074.61	90.97%
Level Two	R1 405 650.03	6.31%
Level Three	R318 824.47	1.43%
Level Four	R239 698.57	1.08%
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	R47 085.04	0.21%
TOTAL	**R22 283 332.72**	**100.00%**

5.7 Capital Expenditure

Table 24: Capital Expenditure

CAPITAL PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE (ADJ - ACT)	VARIANCE (ADJ - ACT) %
COMPUTER SOFTWARE	616 333	416 333	197 463	218 870	53%
OFFICE FURN & EQUIPMENT	191 810	191 810	40 495	151 315	79%
COMPUTER EQUIPMENT	300 000	200 000	439 279	-239 279	-120%
TOTAL CAPITAL PROGRAMME	**1 108 143**	**808 143**	**677 237**	**130 906**	**16%**







COMPONENT H

STATEMENT BY GOVERNANCE COMMITTEES

COMPONENT H: STATEMENT BY GOVERNANCE COMMITTEES

STATEMENT BY AUDIT COMMITTEE

The Agency shares the services of the Audit and Risk Committee (ARC) with the Buffalo City Metropolitan Municipality. Leveraging from the parent municipality allows for better harmonisation with the parent municipality as well as improved effectiveness. According to the terms of reference, the ARC must meet at least four times a year to review and advise on matters about organisational financial and non-financial performance as well as look at governance matters and organisational risk amongst others. This is aligned with the reporting requirements of the Agency which are guided by the Municipal Financial Management Act.

During the year under review, the ARC witnessed a change in its membership as the term of the previous ARC came to an end in May 2024. I would like to thank the members of the previous ARC led by Mr. S Ngqwala as interim Chair of the committee for the stewardship they provided the Agency as well as for ensuring a smooth transition to the new team. Below is a list of the members of the previous ARC and the meetings that were convened by it during the period under review.

Previous ARC meetings for 2023-2024

Date of meeting	*Mr. Ngqwala*	*Mr. Maharaj*	*Ms, Maqwati-Naku*
21 Aug 2023	Yes	Yes	Yes
24 August 2023	Yes	Yes	Yes
25 Oct 2023	Yes	Yes	Yes
18 January 2024	Yes	Yes	Yes

I would also like to thank the Board of the BCMDA and management for welcoming me and the new membes of the Audit Committee. Already during the year under review, we had started getting to speed with some of the key issues and matters that require our attention.

Current ARC meetings for 2023-2024

Date of meeting	*Mr. Luswazi*	*Mr. Son*	*Ms. Mudau*
28 May 2024	Yes	Yes	Yes

We are a small team in numbers, but a committed one with a formidable and diverse skill set.

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.

a. The external and internal auditors attend these meetings, and have direct access to the Chairperson of the Committee and Chairperson of the Board;
b. Reviewing reports from management and the internal and external auditors, to provide reasonable assurance that control procedures are in place and working as intended.
c. Considering the appointment of both the internal and external auditors, the audit fee and any questions of resignation or dismissal of auditors.
d. 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 ARC, 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 ARC.
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 ARC. 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 ongoing risk management process at departmental level, and all employees are required to take ownership of risks that fall within their respective areas of responsibility.

The Board and the ARC 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. Ineffectiveness in developing & promoting the City as a tourism destination.
2. Failure to create an enabling environment to facilitate economic development and attract new investments.
3. Poor contract management
4. Failure to establish effective stakeholder involvement in projects.
5. Inadequate profiling of Agency and brand management.
6. Inability to attract and retain experienced and qualified personnel
7. Inconducive office space
8. Effectiveness of budget management
9. Data Recovery
10. Inability to identify, prevent, respond, and recover from potential cyber attacks

We acknowledge the candidness and honesty that management has been able to demonstrate by reflecting on the core risks and challenges that the organisation is faced with. 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. During the financial year under review, the Agency received one fraud incidence report through the fraud hotline, during the period under review the matter was referred to the parent municipality for investigation.

Risk management & information technology

The ARC assessed the impact of risk management and information technology on its functions by:

- 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.
- Considering and reviewing the findings and recommendations of the Internal Audit.

Evaluation of Annual Financial Statements and Performance Information

The ARC has:

- Reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor-General South Africa.
- 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.
- Reviewed the quality and timeliness of the financial information availed to the Audit and Risk Committee for 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.
- The ARC 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.

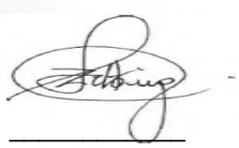
Internal Audit

The ARC reviewed the activities of the external internal audit function and has concluded:

- The function is effective, and there were no unjustified restrictions or limitations.
- 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.
- 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 ARC chairperson and other members. The ARC 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 ARC 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 we note the areas of improvement that management has been advised to make. Management has been requested to factor in these recommendations in its audit improvement plan for the 2024 - 2025 financial year and going forward.



MR. ZOLA LUSWAZI
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE (BCMDA)

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 2024 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 30 August 2024.

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.

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.

Directors' Interest in Contracts

The Directors have declared that they do not have any interest 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 judgments 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

During the period under review, the Board was composed of eight non-executive Directors, of which four resigned during the course due to various opportunities and commitments. The members were as follows:

Mr. Vuyo Mandilakhe Dilima
Ms. Nobantu Sakube Ndevu
Mr. Mxolisi Sibam
Ms. Ngcane Mnadikizela-Renene
Mr. Noel Van Wyk (resigned as board member)
Mr. Sindile Toni (resigned as board member)
Ms. Andisiwe Kumbaca (resigned as a board member)
Ms. Nolitha Pietersen (resigned as a board member)

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 comply 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. Z Luswazi, who is an independent audit committee member. The committee met during the financial year to review matters necessary to fulfill 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 outsourced its internal audit function to Ndluntsha Chartered Accountants for a period of three years starting from 18 August 2022, this contract continued during the course of the 2023-2024 financial year and is strictly managed through the audit plan which is agreed to by the BCMDA and the consultant on an annual basis. This is in compliance with the Municipal Finance Management Act, of 2003.

Auditors

The Auditor General of South Africa will continue audit services during the year under review in line with the Municipal Systems Act and well as the Municipal Financial Management Act.

Board Meetings

Table 25: Number of Board and sub-committee meetings

Type of Committee	*Board and Committees*
Board	12
Governance Committee	1
Organisational Committee	5
Project Development & Investment	4
Audit and Risk Committee	5

Board remuneration

Table 26: New and outgoing Board Remuneration (2023)

BOARD MEMBER	*COMMITTEE MEMBERSHIP*
Mr. T Bonakele	R 70 500
Ms. S Booi	R 71 500
Ms. T Buswana	R 69 500
Mr. B Canning	R 31 000
Ms. T Godongwana	R 66 500
Ms. M Pango	R 66 500
Mr. C Sangqu	R 62 243
Mr. L Njezula	R 39 654
Ms. N Pietersen	R 325 485
Ms. N Ndevu	R 301 916
Mr. N Van Wyk	R 256 779
Mr. M Dilima	R 290 500
Mr. M Sibam	R 158 000
Mr. S Toni	R 303 378
Ms. A Kumbaca	R 357 068
Total	R 2 470 523

Table 27: New Board Remuneration (2024)

BOARD MEMBER	COMMITTEE MEMBERSHIP
Ms. Nolitha Pietersen	R 158 500
Ms. Nobantu Sakube Ndevu	R 267 450
Mr. Noel Van Wyk	R 94 500
Mr. Vuyo Mandilakhe Dilima	R 238 000
Mr. Mxolisi Sibam	R 180 000
Mr. Sindile Toni	R 268 135
Ms. Andisiwe Kumbaca	R 283 139
Ms. Ngcane Mnadikizela-Renene	R 290 500
Ms. Zukisa Faku	R 211 477
Total	R 1 992 201



Mr. VM Dilima
BCMDA INTERIM BOARD CHAIR



ANNUAL

FINANCIAL STATEMENT

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Municipal Entity
Nature of business and principal activities	Municipal entity established to be a key implementation instrument in delivering on the Buffalo City Metropolitan Municipality's local economic development agenda.
Board of Directors	Mr A Gqoboka (CEO) Ms N Pietersen (Chairperson) Mr M Dilima (Acting Chairperson) Ms A Kumbaca Mrs N Madikizela-Renene Mrs Z Faku Mr MSibam Mr S Toni Ms N Ndevu-Sakube Mr N van Wyk Ms B Sauli
Audit and Risk Committee	Mr Z Luswazi (Chairperson) - appointed 24 May 2024 Ms F Mudau - appointed 24 May 2024 Mr G Son - appointed 24 May 2024 Mr S Ngqwala (Chairperson) - term ended Mr S Maharaj - term Ended Mrs T Maqwati-Naku - term ended
Chief Financial Officer	Miss S Mgudlwa (Acting CFO)
Registered office	10th Floor Trust Centre Oxford Street East London 5201
Business address	Buffalo City Metropolitan Development Agency 12 Esplanade Road Quigney East London 5201
Postal address	P O Box 134 East London 5201
Controlling entity	Buffalo City Metropolitan Municipality
Bankers	First National Bank Ltd
Auditors	Auditor General of South Africa

Registered Auditors

Company Secretary	Clark Laing Incorporated
Company registration number	2016/168330/30
Applicable legislation	Municipal Finance Management Act (Act no. 56 of 2003)

Index

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
IAS	International Accounting Standards
SDA	Service Delivery Agreement
MFMA	Municipal Finance Management Act (Act no. 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
NDPG	Neighbourhood Development Programme Grant
VAT	Value-Added Tax
PAYE	Pay-As-You-Earn
UIF	Unemployment Insurance Fund

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 2025 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 entity 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 8 to 67, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 August 2024 and were signed on its behalf by:



MR A GQOBOKA (CEO)
CHIEF EXECUTIVE OFFICER

The directors submit their report for the year ended 30 June 2024.

1. Incorporation

The Buffalo City Metropolitan Development Agency (BCMDA) has been operating since its incorporation on 20 April 2016. BCMM has, for the past nine 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 (2023/24), transferred the entity's operational budget allocation in two half yearly tranches totalling R 50.6 million (2023: R50.8 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 2024, the entity had an accumulated surplus of R 13 889 641 and that the entity's total assets exceed its total liabilities by R 13 889 641.

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.

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 A Gqoboka (CEO)	Appointed Monday, 1 January 2024
Ms N Pietersen (Chairperson)	Resigned Thursday 1 February 2024
Mr M Dilima (Acting Chairperson)	Resigned Friday, 31 May 2024
Mrs N Madikizela-Renene	
Mrs Z Faku	
Ms A Kumbaca	
Mr M Sibam	Appointed Monday, 3 July 2023
Mr S Toni	Appointed Monday, 3 July 2023
Ms N Ndevu-Sakube	Resigned Friday, 31 May 2024
Mr N van Wyk	Resigned Tuesday 31 October 2023
Ms B Sauli	

Shareholders Representative

9. Company Secretary

The company secretary of the entity is Clark Laing Incorporated of:

Business address
Buffalo City Metropolitan Development Agency 12 Esplanade Road
Quigney East London 5201

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 are 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 5 separate occasions during the financial year and 2 Special Executive Committee meetings were held.

Non-executive directors have access to all members of management of the entity.

Audit and risk committee

The Audit and Risk Committee met on 5 separate occasions during the 2023/2024 financial year to execute assigned roles and responsibilities as enacted. One of the meetings was held after the appointment of the current committee Chaired by Mr Z Luswazi.

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. This is in compliance with the MFMA.

Controlling entity

The entity's controlling entity is Buffalo City Metropolitan Municipality.

11.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.

12.Auditors

Auditor General of South Africa will continue in office for the next financial year.

13.Meetings

There were five (5) Board meetings including seven (7) Special Board meetings that were held during the period 01 July 2023 to 30 June 2024. 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 six (6) times, GSEC met two (2) times, PDIC met three (3) times including one(1) Special PDIC meeting and the ARC met five (5) times, during the period under review.

The annual financial statements set out on page 8 to 67, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 August 2024 and were signed on its behalf by:



MR A GQOBOKA (CEO)
CHIEF EXECUTIVE OFFICE

Statement of Financial Position as at 30 June 2024

Figure in Rands	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	51 727	39 960
Receivables from exchange transactions	4	7 992 360	3 189 181
Cash and cash equivalents	5	37 224 042	19 986 574
		45 268 129	**23 215 715**
Non-Current Assets			
Property, plant and equipment	6	1 021 481	1 203 192
Intangible assets	7	483 349	736 969
		1 504 830	**1 940 161**
Total Assets		**46 772 959**	**25 155 876**
Liabilities			
Current Liabilities			
Finance lease obligation	13	157 612	-
Operating lease liability	8	152 657	89 315
Payables from exchange transactions	9	17 388 600	15 138 969
VAT payable	10	848 650	713 105
Unspent conditional grants and receipts	11	12 222 836	1 353 802
Provisions	12	2 057 294	986 305
		32 827 649	**18 281 496**
Non-Current Liabilities			
Finance lease obligation	13	55 669	-
Total Liabilities		**32 883 318**	**18 281 496**
Net Assets		**13 889 641**	**6 874 380**
Accumulated surplus		13 889 641	6 874 380
Total Net Assets		**13 889 641**	**6 874 380**

Statement of Financial Performance

Figure in Rands	Note(s)	2024		2023 Restated*	
Revenue					
Revenue from exchange transactions					
Rental of facilities and equipment			90 126		-
Fees earned	17		782 790	2 008 752	
Other income	18		300		24 685
Interest received - investment	19	1 686 008		1 117 008	
Gain on disposal of assets			1 294		21 590
Inventory reversal			11 766		-
Total revenue from exchange transactions		**2 572 284**		**3 172 035**	
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	20	68 122 490		56 672 784	
Total revenue	21	**70 694 774**		**59 844 819**	
Expenditure					
Employee related costs	22		(43 521 043)		(43 851 453)
Remuneration of directors	23		(1 992 201)		(2 470 523)
Depreciation and amortisation	24		(1 083 428)		(829 459)
Impairment loss			-		(26 356)
Finance costs			(27 113)		(183)
Contracted services	25		(9 814 009)		(17 088 297)
Inventories losses/write-downs			-		(22 426)
General Expenses	26		(7 241 719)		(11 888 263)
Total expenditure			**(63 679 513)**		**(76 176 960)**
(Surplus/Deficit) for the year		**7 015 261**		**(16 332 141)**	

Statement of Changes in Net Assets

Figure in Rands	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported	14 541 386	14 541 386
Adjustments Correction of error - FY2023	902 089	902 089
Correction of error - FY2024	7 763 047	7 763 047
Balance at 01 July 2022 - Restated	**23 206 522**	**23 206 522**
Changes in net assets Deficit for the year	(16 990 454)	(16 990 454)
Total changes	(16 990 454)	(16 990 454)
Opening balance as previously reported	6 216 067	6 216 067
Adjustments Correction of errors - Note 41	658 313	658 313
Restated* Balance at 01 July 2023 as restated*	**6 874 380**	**6 874 380**
Changes in net assets Surplus for the year	7 015 261	7 015 261
Total changes	7 015 261	7 015 261
Balance at 30 June 2024	**13 889 641**	**13 889 641**

Note(s)

Cash Flow Statement

Figure in Rands	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		78 991 524	48 846 783
Interest income - investment	19	1 686 008	1 271 976
Other receipts		(3 929 963)	39 896 597
		76 747 569	90 015 356
Payments			
Employee costs		(42 387 231)	(44 093 282)
Suppliers		(14 602 177)	(43 482 371)
Finance costs		-	(183)
Remuneration of directors		(2 060 066)	(2 419 961)
		(59 049 474)	(89 995 797)
Net cash flows (used in)/from operating activities	28	**17 698 095**	**19 559**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(174 045)	(265 966)
Proceeds from sale of property, plant and equipment	6	-	21 590
Purchase of other intangible assets	7	(197 463)	(221 944)
Net cash flows (used in)/from investing activities		**(371 508)**	**(466 320)**
Cash flows from financing activities			
Finance lease payments		213 281	-
Finance costs		(27 113)	-
Net cash flows from financing activities		**186 168**	**-**
Net increase/(decrease) in cash and cash equivalents		**17 512 755**	**(446 761)**
Cash and cash equivalents at the beginning of the year		19 986 574	20 433 336
Cash and cash equivalents at the end of the year	5	**37 499 329**	**19 986 575**

The accounting policies on pages 16 to 39 and the notes on pages 40 to 67 form an integral part of the annual financial statements.

Budget on Accrual Basis

	pproved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figure in Rands						
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	-	103 945	**103 945**	90 126	**(13 819)**	
Fees earned	400 000	671 893	**1 071 893**	782 790	**(289 103)**	N1
Other income	-	300	**300**	300	**-**	
Interest received - investment	1 027 113	658 895	**1 686 008**	1 686 008	**-**	
Total revenue from exchange transactions	**1 427 113**	**1 435 033**	**2 862 146**	**2 559 224**	**(302 922)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	66 534 377	34 895 166	**101 429 543**	68 122 490	**(33 307 053)**	N2
Total revenue	**67 961 490**	**36 330 199**	**104 291 689**	**70 681 714**	**(33 609 975)**	
Expenditure						
Employee Related Costs	(39 579 067)	(4 293 031)	**(43 872 098)**	(43 521 043)	**351 055**	N3
Remuneration of directors	(2 470 269)	478 068	**(1 992 201)**	(1 992 201)	**-**	
Depreciation and amortisation	(874 957)	(211 351)	**(1 086 308)**	(1 083 428)	**2 880**	
Finance costs	(2 228)	(24 885)	**(27 113)**	(27 113)	**-**	
Contracted Services	(13 587 604)	(34 231 788)	**(47 819 392)**	(9 814 009)	**38 005 383**	N4
General Expenses	(11 447 365)	1 952 788	**(9 494 577)**	(7 241 719)	**2 252 858**	N5
Total expenditure	**(67 961 490)**	**(36 330 199)**	**(104 291 689)**	**(63 679 513)**	**40 612 176**	
Operating surplus	**-**	**-**	**-**	**7 002 201**	**7 002 201**	
Gain on disposal of assets	-	-	**-**	1 294	**1 294**	
Inventories reversals	-	-	**-**	11 766	**11 766**	
	-	**-**	**-**	**13 060**	**13 060**	
Surplus for the year	**-**	**-**	**-**	**7 015 261**	**7 015 261**	
Actual Amount on Comparable Basis as Presented in the	**-**	**-**	**-**	**7 015 261**	**7 015 261**	
Budget and Actual Comparative Statement						

Budget on Accrual Basis

Figure in Rands	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	63 620	(11 893)	**51 727**	51 727	**-**	
Receivables from exchange transactions	1 470 356	6 522 004	**7 992 360**	7 992 360	**-**	
VAT receivable	180 900	(180 900)	**-**	-	**-**	
Cash and cash equivalents	9 994 815	27 229 227	**37 224 042**	37 224 042	**-**	
	11 709 691	**33 558 438**	**45 268 129**	**45 268 129**	**-**	
Non-Current Assets						
Property, plant and equipment	1 024 883	(6 283)	**1 018 600**	1 021 481	**2 881**	
Intangible assets	928 925	(445 576)	**483 349**	483 349	**-**	
	1 953 808	**(451 859)**	**1 501 949**	**1 504 830**	**2 881**	
Total Assets	**13 663 499**	**33 106 579**	**46 770 078**	**46 772 959**	**2 881**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	157 612	**157 612**	157 612	**-**	
Operating lease liability	-	152 657	**152 657**	152 657	**-**	
Payables from exchange transactions	1 541 951	11 273 892	**12 815 843**	17 388 592	**4 572 749**	
VAT payable	-	809 829	**809 829**	809 829	**-**	
Unspent conditional grants and receipts	-	12 222 836	**12 222 836**	12 222 836	**-**	
Provisions	1 951 772	105 522	**2 057 294**	2 057 294	**-**	
	3 493 723	**24 722 348**	**28 216 071**	**32 788 820**	**4 572 749**	
Non-Current Liabilities						
Finance lease obligation	-	55 669	**55 669**	55 669	**-**	
Provisions	-	4 573 848	**4 573 848**	-	**(4 573 848)**	
	-	**4 629 517**	**4 629 517**	**55 669**	**(4 573 848)**	
Total Liabilities	**3 493 723**	**29 351 865**	**32 845 588**	**32 844 489**	**(1 099)**	
Net Assets	**10 169 776**	**3 754 714**	**13 924 490**	**13 928 470**	**3 980**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	10 169 776	3 754 714	**13 924 490**	13 889 641	**(34 849)**	

Budget on Accrual Basis

	pproved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figure in Rands						

Cash Flow Statement

Cash flows from operating activities					
Receipts					
Grants	68 042 521	10 949 003	**78 991 524**	78 991 524	**-**
Interest income	-	1 686 008	**1 686 008**	1 686 008	**-**
Other income	1 027 113	(4 957 076)	**(3 929 963)**	(3 929 963)	**-**
	69 069 634	**7 677 935**	**76 747 569**	**76 747 569**	**-**
Payments					
Employee costs	(39 554 798)	(2 900 298)	**(42 455 096)**	(42 455 096)	**-**
Suppliers	(23 417 288)	8 539 826	**(14 877 462)**	(14 877 462)	**-**
Finance costs	(2 228)	-	**(2 228)**	-	**2 228**
Remuneration of directors	(2 470 269)	478 068	**(1 992 201)**	(1 992 201)	**-**
Other cash item	(100 000)	100 000	**-**	-	**-**
	(65 544 583)	**6 217 596**	**(59 326 987)**	**(59 324 759)**	**2 228**
Net cash flows from/(used in) operating activities	**3 525 051**	**13 895 531**	**17 420 582**	**17 422 810**	**2 228**
Cash flows from investing activities					
Purchase of property, plant and equipment	(491 810)	317 765	**(174 045)**	(174 045)	**-**
Purchase of other intangible	(616 333)		**(197 463)**	(197 463)	**-**
assets	418 870				
Net cash flows from/(used in) investing activities	**(1 108 143)**	**736 635**	**(371 508)**	**(371 508)**	**-**
Cash flows from financing activities					
Finance lease payments	-	186 168	**186 168**	186 168	**-**
Net increase/decrease) in cash and cash equivalents	2 416 908	14 818 334	**17 235 242**	17 237 470	**2 228**
Cash and cash equivalents at the beginning of the year	-	19 986 572	**19 986 572**	19 986 572	-
Cash and cash equivalents at the end of the year	**2 416 908**	**34 804 906**	**37 221 814**	**37 224 042**	**2 228**

The accounting policies on pages 16 to 39 and the notes on pages 40 to 67 form an integral part of the annual financial statements.

N1 - There is a variance of 27% on fees earned, these are Project Management fees that the Agency charges BCMM to implement projects on their behalf.

N2 - The variance on goverment grants & subsidies is 33%.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 staff departrues during the financial year under review and employees were appointed in an acting capacity. There were also some delays in the recruitment processes which resulted in the variance.

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. Included in the variance is the construction of the Duncan Village Buy Back Centre which did not commence at year end.

N5 - The variance on general expenses is 24% and is due to delays on spending as well as cost cutting measures that were implemented by the Agency. The procurement process on the NDPG Project commenced and was not finalised in the year under review, therefore the spending on general expenditure was not in line with budgeted figures

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.

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 related information, have been disclosed in the related 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.

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 12 - 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.

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.

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.

1.6 Property, plant and equipment (continued)

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:

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
Other property, plant and equipment (Cellphones)	Straight-line	2 years

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's 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.

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.

1.7 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:

Item	*Amortisation method*	*Average useful life*
Computer software, other	Straight-line	3 years

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).

1.8 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 uncollectability.

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.

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.

1.8 Financial instruments (continued)

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;
- 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.

1.8 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:

Class	*Category*
Fixed term deposits	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value
Receivables from exchange transactions	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:

Class	*Category*
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

1.8 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.

1.8 Financial instruments (continued) Derecognition

Financial assets
The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has

transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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 recognises 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).

1.9 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.

1.9 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.

1.10 Tax

Current tax assets and liabilities

The 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.

1.10 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.

1.11 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.

Finance leases - lessor

The entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity's net investment in the finance lease.

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

1.11 Leases (continued) 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.

The 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.

1.13 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.

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 assets.

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

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

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

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

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

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

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

1.15 Employee benefits (continued)

- 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.

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.

1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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.

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 surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.16 Provisions and contingencies (continued)

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 40.

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 annual 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.

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.

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.

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.

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 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 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 classifies 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 exepnditure as defined in section 1 of the MFMA in relation to a municipal entity means:

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.

1.26 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the 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.

1.26 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 annual 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.

1.27 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.

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e 01 July 2023 to 30 June 2024. 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.

1.28 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.

1.29 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.

1.30 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.

1.31 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 the management's perspective and does not correlate with the auditors' materiality.

Notes to the Annual Financial Statements

1. New Standards, Amendments to Standards and Interpretations

1.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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		
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 103 (as revised): Heritage Assets	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
GRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely
GRAP 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)	0	we

1.2 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*	*Expected impact:*
GRAP 104 (Revised 2019): Financial Instruments	01 April 2025	Unlikely there will be a material impact

1.3 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

2. New Standards, Amendments to Standards and Interpretations (continued)

- Guideline: Guideline on the Application of Materiality to Financial Statements.
- GRAP 105: Transfer of Functions Between Entities under Common Control.
- GRAP 106: Transfer of Functions Between Entities not under Common Control.
- GRAP 107: Mergers.

The Agency has chosen not to early adopt the above-mentioned Standards.

3. Inventories

Figure in Rands	2024	2023
Consumable stores	51 727	39 960
Inventory Reconciliation		
Opening balance	39 960	62 387
Procured expenses during the year	188 355	196 530
Consumed during the year	(176 588)	(218 957)
Closing balance	51 727	39 960

Included in inventory are items that were held in stock at the end of the financial year.

4. Receivables from exchange transactions

Figure in Rands	2024	2023
Project Management Fee Receivable	495 725	-
Sundry Debtors	1 196 445	3 189 181
BCMM Receivables - Construction	6 196 545	-
Consumer debtors - Hawker stalls	103 645	-
	7 992 360	3 189 181

Sundry debtors are made up of R1.1 million which are invoices billed to the BCMM relating to the Public Employment Programme which commenced in June 2022 and R8 082 in relation to medical aid debt. There are also hawker stall debtors which amount to R103 645 for the rentals at Baby-Lee Park. BCMM Construction fees are made up of R6.1 million in relation to the Court Crescent project and then project management fees receivable are made up of R0.5 million also in relation to the Court Crescent project

5. Cash and cash equivalents

Figure in Rands	2024	2023
Cash and cash equivalents consist of:		
Cash on hand	1 606	25
Bank balances	37 222 436	19 986 549
	37 224 042	19 986 574

The agency has the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
First National Bank - Public Sector Cheque Account - 620-9871-7899	7 850 478	1 535 629	1 381 147	7 850 478	1 535 629	1 381 147
First National Bank - Commercial Money Market Account - 620-9871-9358	21 942 780	18 008 837	4 806 233	21 942 780	18 008 837	4 806 233
First National Bank - Public Sector Cheque Account - 629-0192-1983	7 429 178	442 083	11 042 567	7 429 178	442 083	11 042 567
Cash on hand	-	-	-	1 606	25	3 390
Nedbank - Fixed Deposit - 03788-1167637-000001	-	-	3 200 000	-	-	3 200 000
Total	**37 222 436**	**19 986 549**	**20 429 947**	**37 224 042**	**19 986 574**	**20 433 337**

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

Notes to the Annual Financial Statements

Figure in Rands	2024	2023

6. Property, plant and equipment

	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 603 933	(1 126 333)	477 600	1 563 438	(870 183)	693 255
IT equipment	2 147 546	(1 603 665)	543 881	1 775 176	(1 265 239)	509 937
Total	3 751 479	(2 729 998)	1 021 481	3 338 614	(2 135 422)	1 203 192

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	693 255	40 495	-	(256 150)	477 600
IT equipment	509 937	439 279	(29 140)	(376 195)	543 881
	1 203 192	479 774	(29 140)	(632 345)	1 021 481

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
	1 531 722	265 966	(594 496)	1 203 192

Pledged as security

None of the above property, plant and equipment has been pledged as security.

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7. 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
Other property, plant & equipment (Cellphones)	Straight-line	2 years

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the entity.

An asset was stolen and claimed from insurance resulting in a replacement asset which was valued at R30 434.

Notes to the Annual Financial Statements

8. Intangible assets

	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	5 076 750	(4 593 401)	483 349	4 879 287	(4 142 318)	736 969

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	736 969	197 463	(451 083)	483 349

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total	Total
Computer software, other	776 344	221 944	(234 963)	(26 356)	736 969

Pledged as security

None of the above intangible assets are pledged as security.

9. Operating lease liability

Current liabilities	(152 657)	(89 315)

9. Operating lease liability (continued)

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.

10 Payables from exchange transactions

Trade payables	10 416 034	1 765 009
Board claims payable	-	67 865
Other payables	-	6 397 352
Deposits received	1 000	-
Retentions	4 573 848	4 573 848
Staff related payables	2 397 718	2 334 895
	17 388 600	**15 138 969**

Trade payables are made up of amounts due to service providers that were not paid by 30 June 2024. 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. All statutory payments were paid by the 15th of July 2024. Deposit received relates to a vendor rental deposit for the Baby Lee Park in Court Crescent.

The retention liability represents the monies withheld from contractors invoices for the construction of Water World. The retention for Court Crescent was written off in the current financial year as the contractor had a liability agreement which then necessitated the Agency to not withhold a retention for the Court Crescent project. WaterWorld, which has a longer anticipated completion date, had no changes made. Prior year retentions were adjusted for the Court Crescent project, further information is provided in the prior year error note 41.

11 VAT payable

VAT	848 650	713 105

The Agency is a registered VAT vendor and accounts for VAT on an accrual basis. The Agency has, for the current financial year submitted all VAT returns to SARS. All amounts that were due to SARS were paid timeously.

12 Unspent conditional grants and receipts Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
NDPG - Integrated Waste Management Grant	12 222 836	1 353 802
Movement during the year		
Balance at the beginning of the year	1 353 802	9 179 802
Additions during the year	8 672 127	232 672
Income recognition during the year	(4 199 358)	(329 172)
VAT recognised	-	1 285 538
Funds due to BCMM	-	(6 397 352)
Funds paid back to BCMM	-	(2 617 686)
Funds recovered by BCMM	6 397 352	-
Unpaid salary	(1 087)	-
	12 222 836	**1 353 802**

12. Unspent conditional grants and receipts (continued)

The Agency was appointed by the BCMM to implement the Intergrated Waste Management Programme.

BCMM withheld R6.3 million which was owed in the prior financial year, this resulted in a transfer of R9.7 million out of the allocated R16.1 million for the implementation of the Duncan Village Buy Back Centre. There was also an unpaid salary which was subsequently paid in July 2024.

Refer to note 20 for the reconciliation.

13 Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Staff bonus	986 305	1 070 989	2 057 294

Reconciliation of provisions - 2023

	Opening Balance	Utilised during the year	Total
Staff bonus	1 637 077	(650 772)	986 305

Management made a decision in the 2022/23 financial year to halt performance bonus and therefore no provision was made for that financial year. The balance that is disclosed relates to prior financial years where management is in discussions as to whether the Agency will pay out those bonuses.

Management has made a provision for performance bonus for the current financial year (2023/24) which is included in the reconciliation above.

14 Finance lease obligation

Minimum lease payments due		
- within one year	177 147	-
- in second to fifth year inclusive	57 586	-
	234 733	-
less: future finance charges	(21 452)	-
Present value of minimum lease payments	**213 281**	**-**
Present value of minimum lease payments due		
- within one year	157 612	-
- in second to fifth year inclusive	55 669	-
	213 281	**-**
Non-current liabilities	55 669	-
Current liabilities	157 612	-
	213 281	**-**

15 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 ncessarily 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, there has been no change during the financial year under review.

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	473 814	165 826
Unused tax losses not recognised as deferred tax assets	49 201 012	48 575 014
	49 674 826	**48 740 840**

16 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 36 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	1 642 768	2 049 342

17 Share capital / contributed capital

Authorised

100 Ordinary shares of R1 each	100	100

The Agency is authorised to issue no more than 100 (one hundred) ordinary shares with no nominal or par value.

18 Fees earned

Project Management Fees	782 790	2 008 752

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.

19 Other income

Other income	-	24 685
Tender documents	300	-
	300	**24 685**

The other income for the prior year relates to Board recoveries as well as staff recoveries.

Figure in Rands	2024	2023

20 Investment revenue

Interest revenue		
Bank	1 686 008	1 117 008

The amount included in Investment revenue arising from positive bank balances held in short term call accounts amounted to R 1 686 008.

Figure in Rands	2024	2023
20. Government grants & subsidies		
Operating grants		
Buffalo City Metropolitan Municipality	44 071 372	44 253 862
LG Seta Grant	46 980	47 080
Neighbourhood Development Programme Grant	2 913 820	329 173
Public Employment Programme	16 742 492	12 042 669
Eastern Cape Development Corporation Grant	4 347 826	-
	68 122 490	**56 672 784**
Conditional and Unconditional		
Included above are the following grants and subsidies received:		
Conditional grants received	19 656 312	12 371 842
Unconditional grants received	48 466 178	44 300 942
	68 122 490	**56 672 784**
DEFF - Waste Management Conditional Grant (now DFFE)		
Balance unspent at beginning of year	-	3 019
Conditions met - transferred to revenue	-	(3 019)
	-	**-**
Neighbourhood Development Programme Grant		
Balance unspent at beginning of year	1 353 802	9 176 783
Current-year receipts	8 672 127	232 671
VAT recognised	-	1 285 538
Conditions met - transferred to revenue	(2 913 820)	(326 153)
Funds paid back to BCMM	-	(2 617 685)
Recognising payment to BCMM/Funds due to BCMM	6 397 352	(6 397 352)
Derecognition of VAT recognised	(1 285 538)	-
Unpaid salary	(1 087)	-
	12 222 836	**1 353 802**

The Agency was appointed by the BCMM to implement the Integrated Waste Management Programme.

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 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.

BCMM withheld R6.3 million which was owed in the prior financial year, this resulted in a transfer of R9.7 million out of the allocated R16.1 million for the implementation of the Duncan Village Buy Back Centre. There was also an unpaid salary which was subsequently paid in July 2024.

The conditions of the grant have not been met and balance remains in liabilities (see note 11).		
Public Employment Programme Grant		
Current-year receipts	16 742 492	12 042 669
Conditions met - transferred to revenue	(16 742 492)	(12 042 669)
	-	**-**

Figure in Rands	2024	2023
20. Government grants & subsidies (continued)		
Conditions of the grant have been met.		
21. Revenue		
Rental of facilities and equipment	90 126	-
Fees earned	782 790	2 008 752
Inventories reversal	11 766	-
Gain on disposal of assets	1 294	21 590
Other income	300	24 685
Interest received - investment	1 686 008	1 117 008
Transfer revenue: Government grants & subsidies	68 122 490	56 672 784
	70 694 774	**59 844 819**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	90 126	-
Fees earned	782 790	2 008 752
Other income	300	24 685
Interest received - investment	1 686 008	1 117 008
	2 559 224	**3 150 445**
The amount included in revenue arising from non-exchange transactions is as follows:Taxation revenue Transfer revenue		
Transfer revenue: Government grants & subsidies	68 122 490	56 672 784

Figure in Rands	2024	2023
22. Employee related costs		
Basic	31 994 215	22 800 409
Bonus	752 236	-
Medical aid - company contributions	3 756	-
UIF	221 229	150 956
SDL	227 636	259 493
13th Cheques	790 855	605 539
Car allowance	60 000	60 000
Housing benefits and allowances	12 000	48 000
Provident fund	1 327 449	1 167 467
Leave pay provision	539 595	578 875
	35 928 971	**25 670 739**
Remuneration of Executive Management		
Remuneration - Chief Executive Officer (B Nelana)		
Annual Remuneration	-	1 491 966
Contributions to UIF, Medical and Pension Funds	-	165 424
Settlement cost	-	4 950 000
	-	**6 607 390**

In the prior year 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. A permanent CEO was appointed on the 1st January 2024.

Remuneration - Chief Executive Officer (A Gqoboka)		
Annual Remuneration	1 356 916	-
Performance Bonuses	69 030	-
Contributions to UIF, Medical and Pension Funds	24 739	-
	1 450 685	**-**

Mr A Gqoboka was appointed as Chief Executive Officer on the 1st January 2024.

Remuneration - Chief Financial Officer (V Ntsodo-Boyce)		
Annual Remuneration	-	1 368 381
Contributions to UIF, Medical and Pension Funds	-	137 106
	-	**1 505 487**

The contract for Mrs V Ntsodo-Boyce ended 30 April 2023.

Remuneration - Chief Financial Officer (B Lubelwana)		
Annual Remuneration	1 326 222	-
Car Allowance	110 000	-
Performance Bonuses	78 767	-
Contributions to UIF, Medical and Pension Funds	150 364	-
	1 665 353	**-**

Mrs B Lubelwana was appointed as Chief Financial Officer on the 15th August 2023.

Figure in Rands	2024	2023
22. Employee related costs (continued)		
Remuneration - Acting Chief Financial Officer (S Peter)		
Annual Remuneration	4 108	4 042
Contributions to UIF, Medical and Pension Funds	78	40
	4 186	**4 082**

Mr S Peter was appointed as an Acting Chief Financial Officer up until the 14th August 2023, then a permanent Chief Financial Officer was appointed on the 15th August 2023.

Mr S Peter was seconded by BCMM, and the acting salary is the difference between his BCMM position and BCMDA CFO position.

Remuneration - Acting Chief Financial Officer (S Mgudlwa)		
Annual Remuneration	3 627	-
	3 627	**-**

Miss S Mgudlwa was appointed as the Acting Chief Financial Officer from the 23rd of May 2024.

Remuneration - Interim Chief Executive Officer (S Peter)		
Annual Remuneration	32 556	-
Contributions to UIF, Medical and Pension Funds	288	-
	32 844	**-**

Mr S Peter was appointed as Interim Chief Executive Officer effective 16th of August 2023, up until 31 December 2023.

Remuneration - Interim Chief Executive Officer (N van Wyk)		
Annual Remuneration	-	633 590
Contributions to UIF, Medical and Pension Funds	-	531
	-	**634 121**

Mr N van Wyk was appointed as an interim Chief Executive Officer in the prior year for the periods 1 November 2022 until 25 January 2023.

Remuneration - Interim Chief Executive Officer (M Sibam)		
Annual Remuneration	343 046	1 179 711
Contributions to UIF, Medical and Pension Funds	354	886
	343 400	**1 180 597**

Mr M Sibam was appointed as Interim Chief Executive Officer for the periods 26 January 2023 until 15 August 2023.

Figure in Rands	2024	2023
22. Employee related costs (continued)		
Remuneration - Executive Manager: Corporate Services (X Jikela)		
Annual Remuneration	76 641	2 426 978
Contributions to UIF, Medical and Pension Funds	177	53 220
	76 818	**2 480 198**

In the 2022/23 financial year, the Agency reached an out of court settlement with the Executive Manager: Corporate Services and his contract was terminated as at 30 June 2023.

Remuneration - Executive Manager: Corporate Services (N van Wyk)		
Annual Remuneration	1 180 845	-
Performance Bonuses	85 157	-
Contributions to UIF, Medical and Pension Funds	1 240	-
	1 267 242	**-**

Mr N van Wyk was appointed on the 1 November 2023 as the Executive Manager: Corporate Services.

Remuneration - Executive Manager: Strategy & Risk (L Govender)		
Annual Remuneration	1 561 560	1 126 125
Performance Bonuses	85 800	-
Contributions to UIF, Medical and Pension Funds	156 565	112 969
	1 803 925	**1 239 094**
Remuneration - Chief Investment Officer (T Tongo)		
Annual Remuneration	133 896	1 495 723
Contributions to UIF, Medical and Pension Funds	177	154 345
	134 073	**1 650 068**

The Chief Investment Officer was relieved of her duties on the 31 July 2023 and an out of court settlement was reached.

Remuneration - Executive Manager: Property Planning, Development and Management (T Hangana)

Annual Remuneration	131 556	1 501 525
Contributions to UIF, Medical and Pension Funds	12 640	151 683
	144 196	**1 653 208**

The Executive Manager: Property Planning, Development and Management was relieved of her duties on the 31 July 2023 and the case is currently in court for arbitration.

Figure in Rands	2024	2023
22. Employee related costs (continued)		
Remuneration - Acting Executive Manager: Corporate Services (N Zokufa)		
Annual Remuneration	7 629	35 078

Ms M Zokufa was appointed as Acting Executive: Corporate Services effective on 3rd August 2023 - 31st October 2023, taking over from Mrs F Goniwe.

Remuneration - Acting Executive Manager: Corporate Services (F Goniwe)		
Annual Remuneration	5 618	-
	5 618	**-**

Mrs F Goniwe was appointed as Acting Executive: Corporate Services in December 2022 up until 2 August 2023.

Remuneration - Acting Executive Manager: Property Planning, Development and Management (A Ntshokoma)

Annual Remuneration	24 942	-

Remuneration - Company Secretary & Legal Services Manager (N Mpongoshe)		
Annual Remuneration	-	1 082 232
Contributions to UIF, Medical and Pension Funds	-	109 159
	-	**1 191 391**

N Mpongoshe was appointed as Company Secretary on appointed 1 July 2018, and then her contract ended on 30 June 2023.

Remuneration - Company Secretary & Legal Services Manager (Z Thomas)		
Annual Remuneration	626 471	-
Contributions to UIF, Medical and Pension Funds	1 063	-
	627 534	**-**

The Company Secretary, Mrs Z Thomas, was appointed on 1 December 2023, and then resigned on the 6 May 2023.

Total remuneration	43 521 043	43 851 453

Figure in Rands	2024	2023

23. Remuneration of Directors

Non-executive

2024

	Board remuneration	Re-imbursive Costs	Total
Ms N Pietersen (Chairperson)	158 500	-	158 500
Mr N van Wyk	94 500	-	94 500
Ms A Kumbaca	273 000	10 139	283 139
Ms N Ndevu-Sakube	267 000	450	267 450
Mr S Toni	262 000	6 135	268 135
Mr M Sibam	180 500	-	180 500
Mr M Dilima (Acting Chairperson)	238 000	-	238 000
Mrs N Madikizela-Renene	290 500	-	290 500
Mrs Z Faku	211 000	477	211 477
	1 975 000	**17 201**	**1 992 201**

2023

	Board remuneration	Re-imbursive Costs	Total
Mr T Bonakele	70 500	-	70 500
Ms S Booi	71 500	-	71 500
Ms T Buswana	69 500	-	69 500
Mr B Canning	31 000	-	31 000
Mrs T Godogwana	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	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
	2 423 000	**47 523**	**2 470 523**

The Board's remuneration has decreased by 19% when compared to the previous year. During the financial year two (2) board members had to act in the capacity of Chief Executive Officer until a permanent candidate was appointed on the 1st of January 2024, this decreased the number of attendees in board sittings during the year. During the month of May 2024, the Agency had two (2) board members who resigned, all of this resulted in the decrease in the number of sittings.

24. Depreciation and amortisation

Property, plant and equipment	632 345	594 496
Intangible assets	451 083	234 963
	1 083 428	**829 459**

Figure in Rands	2024	2023
25. Contracted services		
Presented previously		
Information Technology Services	342 404	436 402
Security Services	2 603 138	3 352 119
Operating Leases	1 327 402	1 165 772
Specialist Services	1 468 297	1 182 248
Construction Costs	-	693 599
Consultants and Professional Services		
Business and Advisory	3 183 502	6 445 463
Legal Cost	889 266	3 812 694
	9 814 009	**17 088 297**
26. General expenses		
Advertising	107 732	139 825
Auditors remuneration	934 357	888 866
Bank charges	15 771	35 319
Consumable Materials and Supplies	1 673 021	3 502 794
Delivery expenses	152	1 130
Bursaries	-	66 090
Insurance	197 999	178 105
Catering	140 465	128 351
Workmen's Compensation	199 716	286 309
Software expenses - Licences	1 667 074	933 995
Marketing	-	520 304
Promotions and sponsorships	423 361	1 305 843
Fuel and oil	32 771	36 058
Printing and stationery	28 476	3 513
Protective clothing	90 194	1 051 149
Repairs and maintenance	19 140	20 042
Employee wellness	24 815	99 581
Subscriptions and membership fees	-	29 883
Telephone and fax	210 150	244 159
Transport expenses	28 900	34 162
Training and Conferences	258 884	369 020
Travel, accommodation and subsistence - local	548 041	1 006 824
Utilities	167 749	97 382
Audit and Risk Committee remuneration	196 160	441 660
Placement fees	30 595	81 543
Refreshments	73 596	82 355
Venue expenses	172 600	304 001
	7 241 719	11 888 263

There is an overall 39% decrease on general expenditure when compared to the previous financial year. As a result of a decrease in the Operational Grant budget allocation from BCMM, the Agency

has had to cut down on various expenditure spending to cater for the decrease in the budget allocation. Such expenditure included consumable material and supplies, promotions and sponsorships as well as travel and accommodation.The expenditure on protective clothing decreased due to project continuation. Catering and venue hire expenses increased as more physical meetings continued from the prior year.

27. Auditors' remuneration

Fees	934 357	888 866

Figure in Rands	2024	2023
28. Cash (used in)/ from operations		
(Deficit)/Surplus for the year	7 015 261	(16 332 141)
Adjustments for:		
Depreciation and amortisation	1 083 428	829 459
Loss/(Gain) on sale of assets	(1 294)	(21 590)
Finance costs - Finance leases	27 113	-
Impairment loss	-	26 356
Movements in operating lease liability	63 342	20 947
Movements in provisions	1 070 989	(471 436)
Changes in working capital:		
Inventories	(11 767)	22 427
Receivables from exchange transactions	(4 803 179)	38 018 128
Prepayments	-	104 436
Payables from exchange transactions	2 249 623	(14 564 219)
VAT payable	135 545	213 192
Unspent conditional grants and receipts	10 869 034	(7 826 000)
	17 698 095	**19 559**

29. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	Total
Receivables from exchange transactions	7 992 360	7 992 360
Cash and cash equivalents	37 224 042	37 224 042
	45 216 402	**45 216 402**

Financial liabilities

	At fair value	Total
Payables from exchange transactions	17 388 600	17 388 600

2023

Financial assets

	At fair value	Total
Receivables from exchange transactions	3 189 181	3 189 181
Cash and cash equivalents	19 986 574	19 986 574
	23 175 755	**23 175 755**

Financial liabilities

	At fair value	Total
Payables from exchange transactions	15 138 969	15 138 969

Figure in Rands	2024	2023
30. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
Operating Lease - Premises	2 475 111	3 763 072
Supply and Configuration of Board Management Software for a period of 36 months	257 681	-
Provision of Safety and Security Services at the Baby Lee Jegels Fun Park (Court Crescent) and Water World Sites on a month-to-month basis up to 3 months	124 744	-
Provision of Strategy and Annual Performance Plan Facilitation to the Buffalo City Metropolitan Development Agency (BCMDA) SOC LTD	172 500	-
Provision of brokage technical support and short-term insurance for the BCMDA for a period of 3 years	23 320	-
Web Hosting, Maintenance and Support of the Website for a period of 12 months	55 200	-
Construction Project management services at Court Crescent	894 080	-
East London Beachfront Precinct Project - Court Crescent	-	2 187 906
Property Finance Advisory Services	-	5 567 840
Supply and delivery of Cloud Based Laptop Backup Solution	-	214 876
Duncan Village Buy-Back Centre and Integrated Waste Management Services	-	898 382
Provision of Integrated Marketing and Communication Services	-	1 135 173
Transactional advisory services deal negotiations, property finance and related	-	373 750
advisory services		
Provision of brokage technical support and short-term insurance for the BCMDA for a period of 3 years	-	247 444
Provision of safety and security services in Quigney, EL CBD, Southernwood for 24 months	-	1 671 373
Development of various tourims routes in Buffalo City	228 186	1 227 958
Support and maintenance of SAGE evolution and SAGE 300 people	1 111 103	945 209
PR/Media Services for Duncan Village Waste Management Programme	-	174 562
Provision of Marketing and Branding Services for Duncan Village Waste	-	163 251
Management Programme		
Provision of Social Media Services for Duncan Village Waste Management Programme	-	23 920
Provision of Internal Audit Services for a period of 3 years	548 491	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	102 421	163 646
Provision of Project Management Services for the Public Art and Landscaping Components of the Public Employment	-	294 495
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	151 259	246 050
Supply and Delivery of Unified Communication and Mobile Communication	1 080 815	1 475 774
Services to the State for a period of 36 Months		
Ikhaya Training and Consulting	28 800	-
Supply and delivery of office supplies	-	3 973
Supply and Delivery of Office Glass Cabinet	-	16 675
Lodgement 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
	7 253 711	**22 759 929**

Total operational commitments

Figure in Rands	2024	2023
30. Commitments (continued)		
Already contracted for but not provided for	7 253 711	22 759 929
Total commitments		
Authorised operational expenditure	7 253 711	22 759 929

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. There were no capital commitments during the 2023/24 financial year.

Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 526 512	1 526 512
- in second to fifth year inclusive	890 465	2 416 977
	2 416 977	**3 943 489**

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.

Figure in Rands	2024	2023

31. Related parties

Relationships	
Directors	Refer to directors' report note
Controlling entity	Buffalo City Metropolitan Municipality
Members of key management	Mr A Gqoboka (CEO) Mrs B Lubelwana Miss S Mgudlwa (Acting CFO) Mr N van Wyk Mr KL Govender Mrs A Ntshokoma (Acting Executive: PPDM)

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	6 692 268	-
Buffalo City Metropolitan Municipality (PEP)	1 188 363	1 903 643
Buffalo City Metropolitan Municipality (NDPG)	-	1 285 538
Buffalo City Metropolitan Municipality (NDPG)	-	(6 397 352)

Trade receivables relate to invoices issued to BCMM for the implementation of Court Crescent recreational project. The above were outstanding invoices at 30 June 2024. The prior year 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 - Operational Grant	44 071 372	44 253 862
Buffalo City Metropolitan Municipality (NDPG)	14 037 500	-
Buffalo City Metropolitan Municipality - Recreational Projects	9 784 879	21 226 622
Buffalo City Metropolitan Municipality (PEP)	16 742 492	12 042 669
Project Management Fees from related parties		
Buffalo City Metropolitan Municipality	782 790	1 698 130

Key management information

Class	Description	Number
Non-executive board members	Board of Directors	5
Audit and risk committee	Shared with parent municipality	3
Executive management	Agency management	5
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.

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.

The table below analyses the entity's 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 1.38:1, which means that the entity will be able to settle its debt as the become due.

Current assets	45 268 129	23 215 715
Current liabilities	(32 827 649)	(18 281 496)
	12 440 480	**4 934 219**
Liquidity Ratio		
Current Assets/Liabilities	1,38	1,27

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	2024	2023
Cash and cash equivalents	37 224 042	19 986 574

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 2024, the entity had an accumulated surplus of R 13 889 641 and that the entity's total assets exceed its total liabilities by R 13 889 641.

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 Parent Municipality has allocated R44.5million as an Operational Grant to the Agency for the 2024/25 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.

34. Fruitless and wasteful expenditure		
Opening balance as previously reported	508 171	508 155
Add: Fruitless and wasteful expenditure identified - current	328	12 164
Add: Fruitless and wasteful expenditure identified - prior period	48 899 958	-
Less: Amount recovered - current	-	(12 148)
Closing balance	**49 408 457**	**508 171**

34. Fruitless and wasteful expenditure (continued)

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. Included in opening balance is a figure of R387 000 which emantes from the conclusion or findings made as reported in the Financial Misconduct Disciplinary Board's report as detailed in note 39.

Fruitless and wasteful expenditure is presented inclusive of VAT. The majority of the prior year 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 which was subsequently recovered from board members. Included in the balance for the current year are fines and penalties from SARS which amount to R311 and R17 made up of bank debit interest.

R48.9 million of fruitless and wasteful expendiutre was incurred in previous year but discovered in the current and relates to poor project management during the construction of the Water World and Court Crescent Parks.

35. Irregular expenditure

Opening balance as previously reported	26 271 445	-
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	13 146 329	26 271 445
Less: Amount written off - current	(39 165 059)	-
Closing balance	**252 715**	**26 271 445**

Irregular expenditure is presented inclusive of VAT.

Irregular expenditure incurred as at 30 June 2024 amounted to R39 165 059. Of this amount R331 430.00 was incurred in the previous financial year and relates to expenditure on contracts that were affected by the adoption of the incorrect gazette, R36 644 587 relates contracts that were awarded from improperly constituted BAC and two contracts whose renewal was not in line with the MFMA requirements and related expenditure to date is R2 441 757. Irregular expenditure incurred in the 2023/24 financial year to date amounts to R13 146 329. The Board resolved to write off an amount of R39 165 059 as at 30 June 2024. The closing balance of R252 715 relates to one of the two contracts whose renewal was found to be irregular and particulars thereof are yet to be investigated.

36. Additional disclosure in terms of MFMA

Audit fees		
Current year fee	934 357	888 866
PAYE and UIF		
Opening balance	1 068 131	589 580
Current year contributions	7 064 734	10 524 359
Amount paid - current year	(7 483 920)	(10 045 808)
	648 945	**1 068 131**
Provident fund contributions		
Opening balance	136 854	134 818
Current year contributions	1 642 768	2 049 342
Amount paid - current year	(1 722 112)	(2 047 306)
	57 510	**136 854**
VAT		
VAT Payable	848 650	713 105

37. 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.

Deviations undertaken during the year related to instances where it was impractical to follow the normal procurement processes due to various reasons ranging from urgent litigation matters, unavoidable safeguarding, completion and handing over of capital projects. All instances of deviations were reported to the board.

Supplier details:		
MMDP Quantity Surveyors and Project Managers	91 172	-
Mayedwa Attorneys	185 138	-
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	597 144	172 215
Jolwana Mgidlana Inc	227 261	-
YG Solutions	153 640	-
Gauflora CC	5 182 275	-
Nala Consortium	-	-
	6 436 630	**3 662 410**

38. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangment 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 R9.7 million (2022/23: R21.2 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 R782 790 (2023: R1 698 129).

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 2024 amounting to R6.1 million.

Corresponding rights of reimbursement that have been recognised as assets are invoices billed to the City amounting to R7.8 million. A portion of the receivables was subsequently paid by the City.

39. Alleged financial misconduct investigation

An alleged financial misconduct incident was identified in the prior financial years. 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. As at year end, 30th June 2024, there will be no further financial implications on the matter, as the matter is finalised. The final decision was granted by the Chairperson on the 24th of June 2024, finding the employee guilty.

40. Contingencies

The Agency has the following contingent liabilities as at 30 June 2024.

Details of contingent liabilities	**2024**	**2023**
Thembeka Doreen Tongo - Miss Thembeka Tongo launched an application with the CCMA after her dismissal. The dismissal was as a result of non-confirmation of employment after probation period. Settlement was reached during the month of September 2023.	-	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. The settlement agreement was withdrawn by Miss Hangana's representatives based on her non-agreement to the terms of the agreement. Miss Hangana is now preparing for an arbitration to proceed on a date which will be scheduled by the South African Local Government Bargaining Council.	6 508 540	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 and an award was issued validating the termination. Parties were ordered to calculate amounts due which were not concluded at reporting date. Mvusuludzo issued a Dissatisfaction Notice due to the difference in valuation of work completed, the issue was referred back to the consultant (Mekan) to consider and make an appropriate ruling in terms of the GCC 2015.	30 829 550	Amount cannot 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. BCMDA lawyers have not received any communication from the lawyers of Mariswe.	1 075 427	1 075 427

41. Prior period errors

In the prior year, errors occured in relation to Retentions. The error relates to the Court Crescent project

The Agency initially accounted for retention erroneously as withheld on monthly invoices. Upon confirmation that a retention should not have been withheld as the contractor will use a construction guarantee should there be a need, a retrospective correction had to be effected to ensure a correct amount is disclosed. In the 2023 financial year, the initial adjustment effected was aimed at correcting the expenditure, VAT and provisions to correctly account for what relates to the said financial year and the secondary adjustment was to adjust the opening balance with the provision emanating from the prior years. Upon further analysis of payment certificates it was determined that accounts payables was under stated.

The changes to the Statement of financial position relate to the 2022 financial year where an adjustment was made to Retentions.

The was another prior error which resulted in a reclassification being made, this resulted in Retentions being reclassified from Provisions to Payables from exchange transactions.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Retentions	-	14 303 058
VAT	-	(1 307 849)
Accumulated surplus	-	(8 421 361)
Payables from exchange transactions	-	(4 573 848)
Statement of financial performance		
Contracted services	-	(658 313)
Cash flow statement		
Cash flow from operating activities		
Retentions	-	(697 134)
VAT	-	38 822
	-	**(658 312)**



AUDITOR

GENERAL'S REPORT

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Buffalo City Metropolitan Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Buffalo City Metropolitan Development Agency set out on pages xx to xx, which comprise statement of financial position as at 30 June 2024, 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 2024 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.

Emphasis of matters

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Fruitless and wasteful expenditure

7. As disclosed in note 34 of the financial statements, fruitless and wasteful expenditure of R48,9 million that was incurred in the previous years was identified in the current year.

Irregular expenditure

8. As disclosed in note 35 of the financial statements, irregular expenditure of R13,1 million was incurred, as a result of non-compliance with the supply chain management (SCM) Regulations.

Restatement of corresponding figures

9. As disclosed in note 41 of the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipal entity at, and for the year ended, 30 June 2024.

Other matter

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 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 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. This description, which is located at page 8, forms part of our 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 3: Vibrant and attractive local spaces, presented in the annual performance report for the year ended 30 June 2024. 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 socioeconomic projects implemented and under management.
    - Number of properties under design.
    - Number of beach sites renovated.
    - Number of property development projects completed and handed over.
    - Number of private property investments that get all the necessary approvals from both local and provincial government.

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.
    - all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included.
    - 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 presented in the annual performance report in the prescribed manner.
- there is 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:

Various indicators

22. The reported achievements in the annual performance report were inconsistent with the commitments made in the approved planning documents as the actual achievement is not disclosed in the annual report. The entity documented the reported achievement as achieved or not achieved. These discrepancies highlight misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Indicator	Target	Reported achievement
Number of socioeconomic projects implemented and under management.	Two socio-economic projects implemented and under management.	Achieved
Number of properties under design	One property (Esplanade).	Not achieved
Number of beach sites renovated.	One beach site (Winter strand beach).	Not achieved
Number of property development projects completed and handed over.	One project completed (Water World Fun Park).	Not achieved
Number of private property investments that get all the necessary approvals from both local and provincial government.	Five projects at Sleeper Site, Marina Glen A, Seaview Terrace, Water World Hotel Site and Victoria Grounds.	Achieved

Number of private property investments that get all the necessary approvals from both local and provincial government

23. The indicator number of private property investments that get all the necessary approvals from both local and provincial government was reported as achieved in the annual performance report. However, the audit evidence showed the indicator is not achieved.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

26. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Vibrant and attractive local spaces

Targets achieved: 33% *Budget spent: 30%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Number of properties under design.	One Property (Esplanade).	Not achieved
Number of beach sites renovated.	One beach site (Winter strand Beach).	Not achieved
Number of property development projects completed and handed over.	One project completed (Water World Fun Park).	Not achieved

Material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for vibrant and attractive local spaces. Management did not correct the misstatements and I reported material findings in this regard.

Report on compliance with legislation

28. 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 municipal entity's compliance with legislation.

29. 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.

30. 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

38. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

39. Management did not implement adequate internal controls to ensure the preparation of accurate and complete financial statements and annual performance report as material misstatements were identified that resulted in the material non-compliance with legislation and material findings on performance information.

Auditor-General

East London

29 November 2024

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 financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

3. 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.
   - 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

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	Sections 1, 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 90(1), 90(2)(a), 90(2)(b), 95(d), 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 73(1)(a), 73(1)(b), 73(2)(a), 73(2)(b), 73(2)(d), 75(1), 75(2)
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), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 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)
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), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 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: 46(1)(a), 46(1)(b), 46(1)(c)

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.

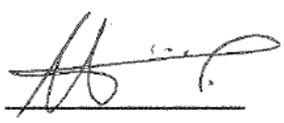
The directors are responsible for the preparation of the other information in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements. The going concerning basis has been adopted in preparing the financial statements. The directors have no 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 2023/24 to ascertain whether minimum disclosure requirements were adhered terms of MFMA Circular 63 on Annual report requirements.



ACTING CHIEF FINANCIAL OFFICER: MR. A MANCIYA



CHIEF EXECUTIVE OFFICER: MR. A GQOBOKA



CHAIR OF THE BOARD: MR. M DILIMA

