

ANNUAL REPORT FOR 2023-2024



BUFFALO CITY
METROPOLITAN MUNICIPALITY

BUFFALO CITY METROPOLITAN MUNICIPALITY FINANCIAL YEAR: 2023-2024

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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 |
| HACCP S | HAZARD ANALYSIS AND CRITICAL CONTROL POINTS SYSTEM |
| HH | HOUSEHOLDS |
| I | 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 |
| IRD | 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:

| | | | | | |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| Chapter 1 Executive Summary | Chapter 2 Governance | Chapter 3 Service Delivery Performance | Chapter 4 Organizational Development Performance | Chapter 5 Financial performance | Chapter 6 Auditor- General's Report |

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 is still auditing BCMM's reported financial and non-financial performance. The report will be made available to BCMM's stakeholders.

1. CHAPTER 1–MAYOR’S FOREWORD & EXECUTIVE SUMMARY



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 they 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.

Cllr. P. Faku

Executive Mayor

T 1.0.1



Mr. Mxolisi Yawa : City Manager

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.



Agro-industry



The auto sector



**General
manufacturing**



**Renewable
energy**



**The ocean
economy**



**Film and creative
industry**

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 INVESTMENT PORTFOLIO OF STRATEGIC AND CATALYTIC LAND DEVELOPMENT 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.

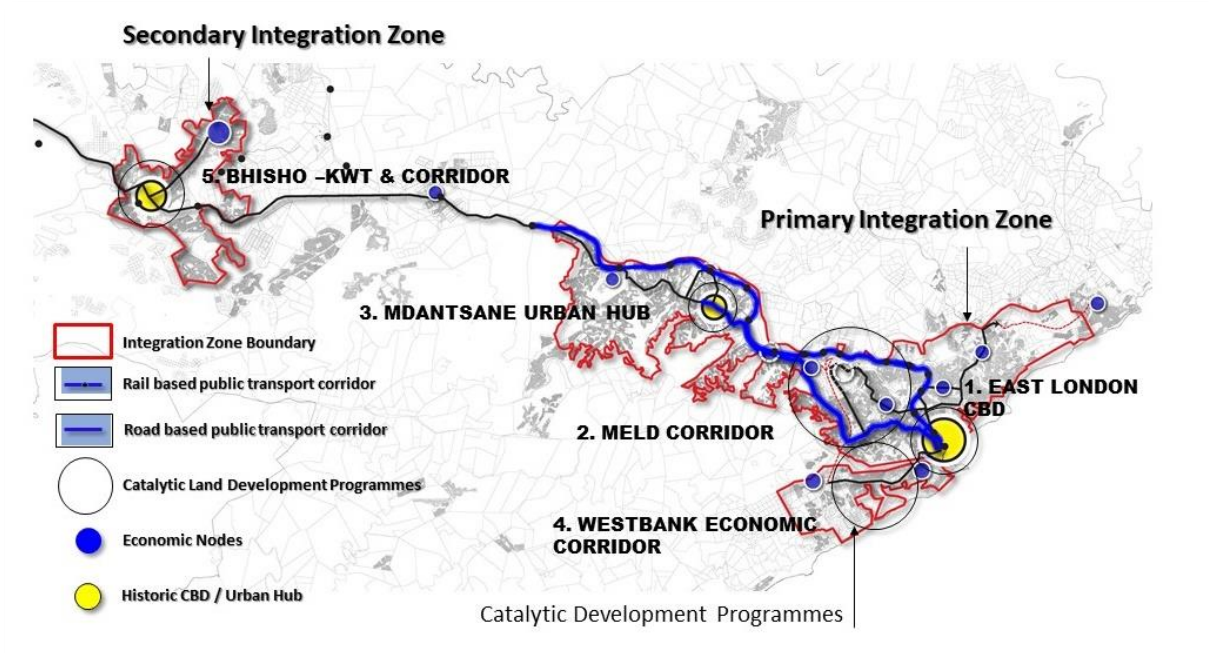


Figure 1. The spatial targeting approach focusing on a catalytic portfolio of projects

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.

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.

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.

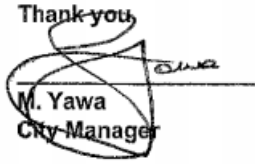
The City makes an effort to remain within the National Treasury norms, kindly refer to section 1.4.3 for financial performance ratios of the City. Cost containment measures are being implemented by the City to achieve operational efficiency, these measures are being implemented in an attempt to ensure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

Thank you,

M. Yawa
City Manager

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.

T.1.2.1.

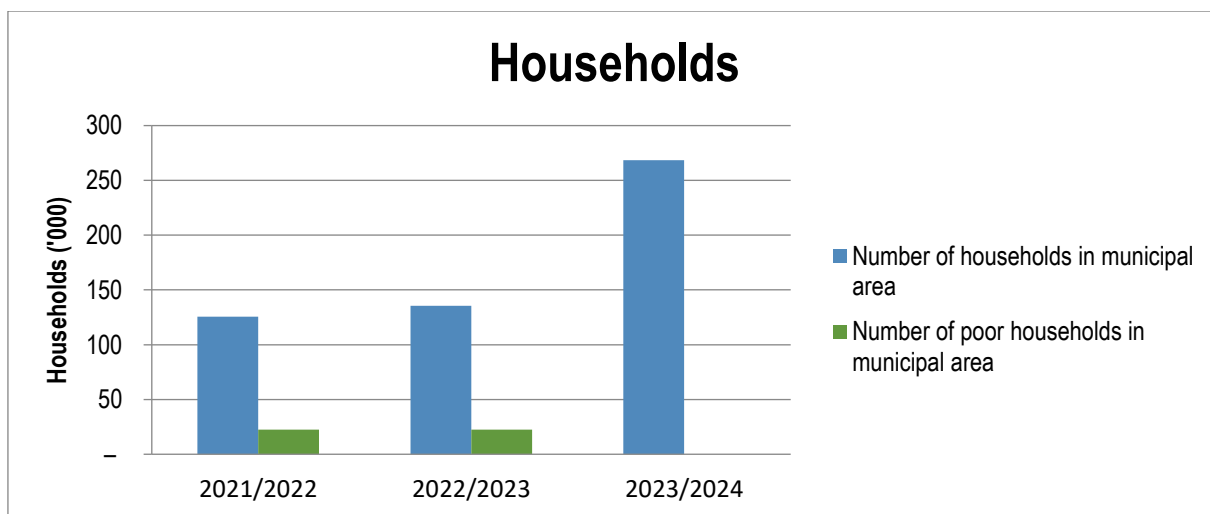
Municipal demographics.

| Population Details | | | | | | | | | |
|-----------------------|-----------------|--------|--------|-----------|--------|--------|-----------|--------|---------|
| Age | Population '000 | | | | | | | | |
| | | | | 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 | |



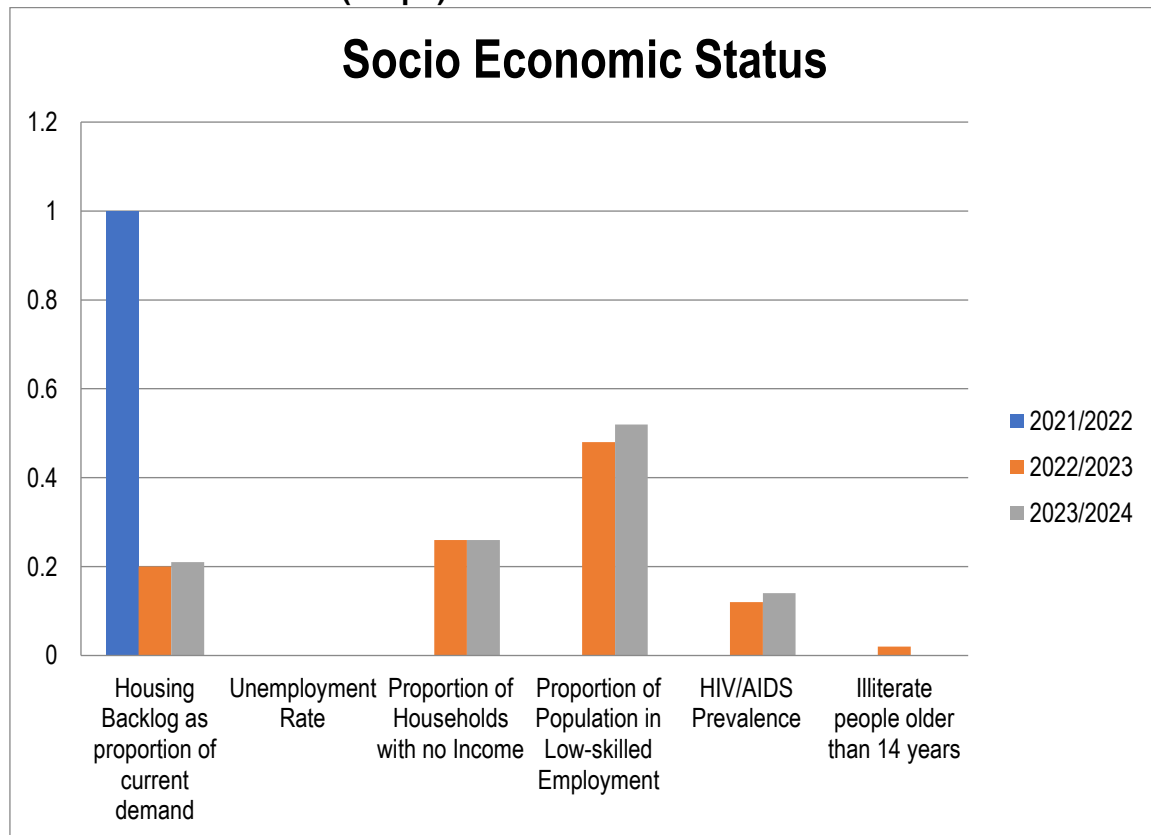
T 1.2.3

Socio-Economic Status

| Socio Economic Status | | | | | | |
|-----------------------|---|-------------------|---|--|---------------------|---------------------------------------|
| Year | Housing Backlog as proportion of current demand | Unemployment Rate | Proportion of Households with no Income | Proportion of Population in Low-skilled Employment | HIV/AIDS Prevalence | Illiterate people older than 14 years |
| 2020/2021 | 19% | 22% | 26% | 44% | 10% | 27% |
| 2021/2022 | 20% | 23% | 26% | 48% | 15% | 37% |
| 2022/2023 | 21% | 24% | 26% | 52% | 20% | 44% |
| 2023/2024 | 21% | 42.0% | 26% | 52% | 14% | 1.9% |
| | | | | | | T 1.2.4 |

T 1.2.4

Socio Economic status (Graph)



T1.2.5

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 | | |

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.

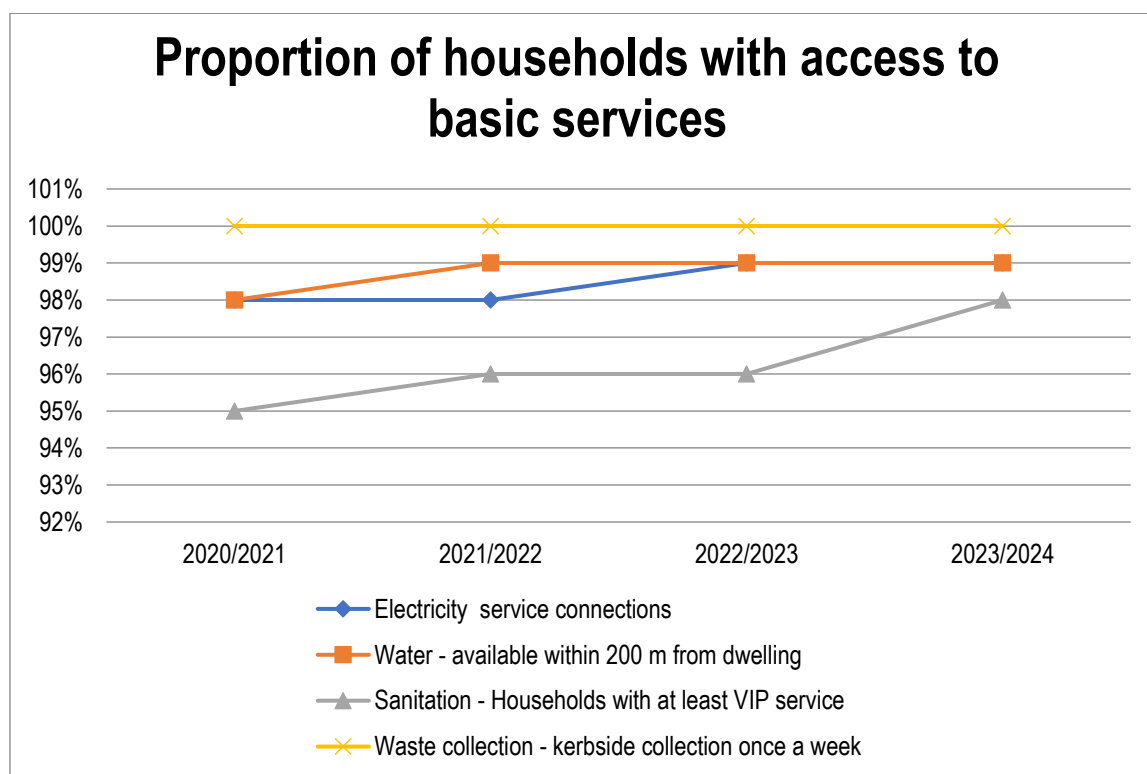
Operation and Maintenance:

- 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
- Provide 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 underserved, 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 underserved, 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 for 2023/24 Financial Year

| 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 | 6,460,207 |
| Other | 1,296,129 | 1,296,422 | 1,572,243 |
| Sub Total | 10,175,029 | 10,238,329 | 10,222,862 |
| Less: Expenditure | (10,698,924) | (10,679,677) | (10,679,768) |
| Net Total* | (523,895) | (441,348) | (456,906) |
| * Note: surplus/(deficit) | | | T 1.4.2 |

Operating ratios

| Operating Ratios | |
|--|----------|
| Detail | % |
| Liquidity Ratio | 1,56 : 1 |
| Cost Coverage | 0.8 |
| Total Outstanding Service Debtors | 49.5% |
| Debt Coverage | 207.9 |
| Efficiency | 100% |
| Capital Charges to Operating Expenditure | 0.4% |
| Employee Costs as a percentage of Operating Expenditure | 27.4% |
| 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 weakened liquidity position. The City still is able to pay Current Liabilities with available Current Assets but is investigating Revenue Enhancement Strategies in order to strengthen the Current Asset position.

Cost Coverage: This ratio explains how many months' expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants. This rate is at 0.8 month and is below the National Treasury norm of between 1 - 3 months.

Total Outstanding Service Debtors: The rate of outstanding service debtors is currently at 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 of 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.

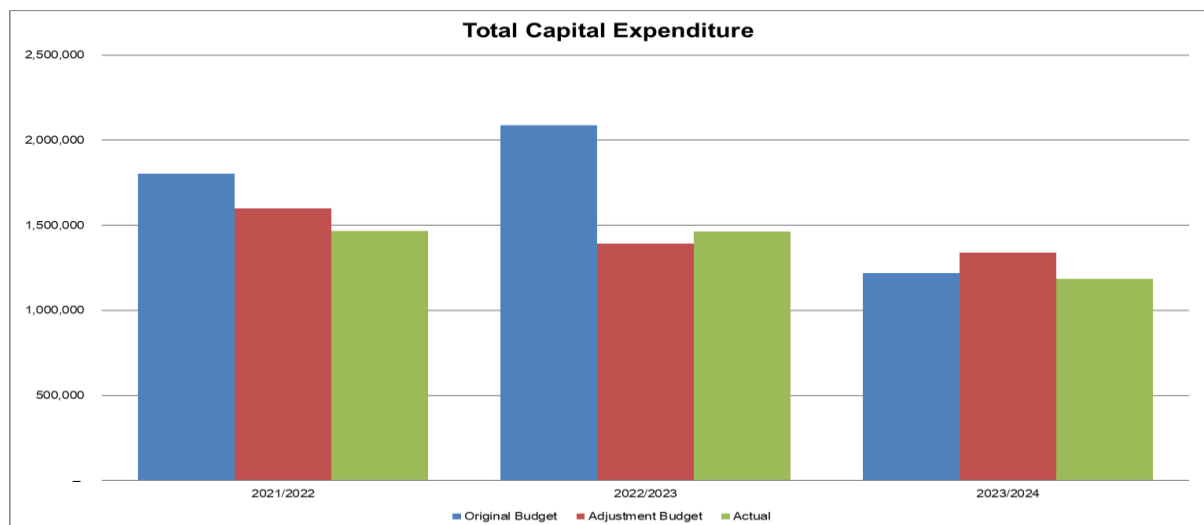
Employee Costs as a percentage of Operating Expenditure: The rate of 27.2% is within the norm of 25% - 40%.

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.

T 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, which represents 88% inclusive of **VAT** of its capital budget spend, compared to R1.462 billion spent in 2022/2023, which represented 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

Organizational development performance.

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

| 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 | August 2024 |
| 7. | Submission of Section 46 Report and draft Annual Financial Statements to AG | |
| 9. | 1 st draft Annual Report tabling to Top Management | October 2024 |
| 10. | Submission of Draft Annual Report to Internal Audit | November 2024 |
| 11. | Submission of Draft Annual Report including Annual Financial Statements to Auditor General for auditing | |
| 12. | Facilitate and respond to the Auditor General on the queries raised on the Annual Report | |
| 13. | Presenting the final Annual Report to Top management | December 2024 |
| 14. | Submission of Final Draft to City Manager & Sign off Final Draft by Executive Mayor and City Manager | |
| 15. | Tabling of Annual Report to Council | January 2025 |
| 16. | Submission of tabled Annual Report to Auditor-General, Provincial Treasury and Local Government and Human Settlement | February 2025 |
| 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 | |
| 19. | Invitation of public comments on Annual Report, Consideration of public comments and formulation of oversight report | March 2025 |
| 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 | |
| 24. | Publication of final Annual Report (website and other media) | April 2025 |

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.

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 ADMINISTRATIVE GOVERNANCE

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

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

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.



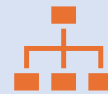
Legislative Arm

The Council



Executive Arm

Executive Mayor &
Mayoral Committee



Administration Arm

City Manager & Heads of
Department

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 Tempa | 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

T 2.1.1.

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 discuss 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 envisaged 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 spirit 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.

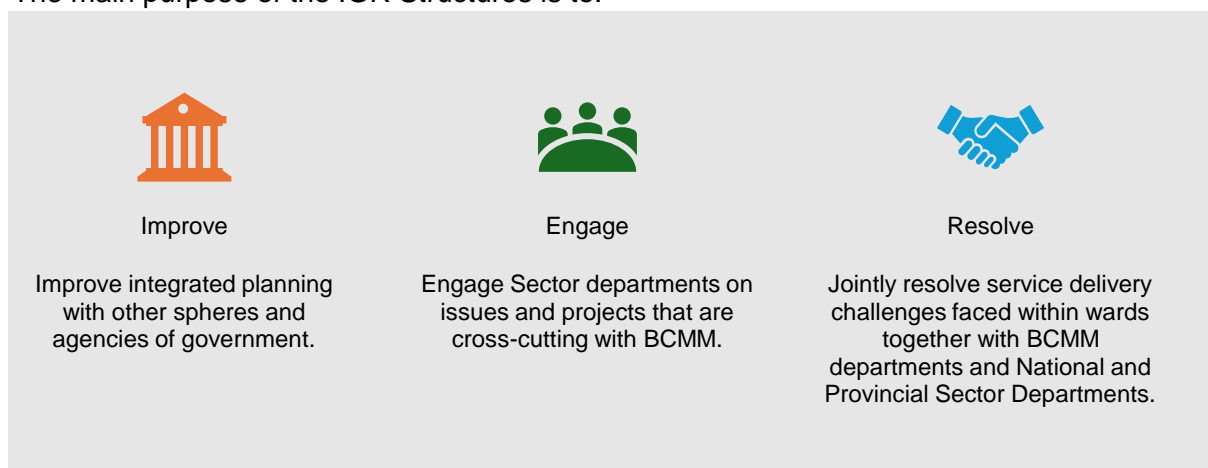
IGR is therefore seen as, an instrument for mobilising the distinctive efforts, capacities, leadership, and resources of each sphere towards service delivery and government defined development objectives.

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 Head of Directorate Parks and Recreation Head of Directorate Public Safety | Office of the Premier COGTA Representatives from selected Sector departments and Parastals |

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:



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.

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 Theta Nathi Youth Development Mobile Application. This innovative platform was piloted online to collect ideas and opinions from the youth regarding the municipality.

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.

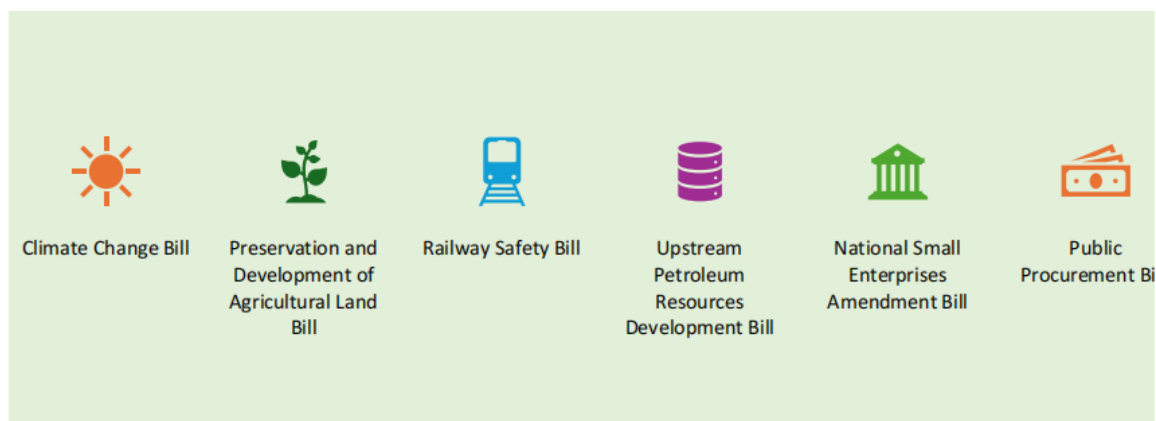
Subsequently, a refresher training was conducted from 16 to 19 May 2023 due to various complaints submitted regarding their conduct, including delaying or disrupting service delivery programmes, poor working relations with Ward Councillors, and unavailability and non-attendance of meetings.

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 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 down disaster in the city | Thursday 18 January 2024 | 1 | 5 | 30 | Yes | N/A |
| 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 |

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 \pm 45% of the Surfaced roads and \pm 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 assets and infrastructure | 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 |
| 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 is 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 Draft 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 Yet | 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 (1 st Adjustment Budget) 03/03/2023 (2 nd Adjustment Budget) 10/05/2023 (3 rd 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 | No | No list of assets over the value that has been disposed for the year under review |

| | | |
|---|----|--|
| have been disposed of in terms of section 14 (2) or (4) during year (2023/2024) | | |
| 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 |
| | | <i>T 2.10.1</i> |

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.

3. CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE 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

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.

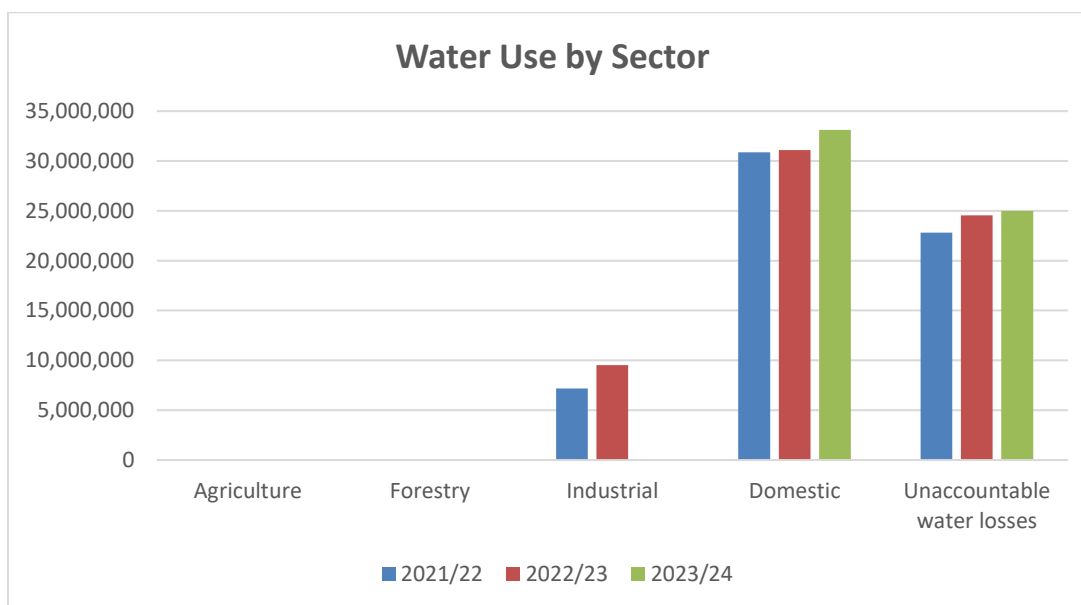
The municipality has also identified a few illegal water connections, particularly in the rural supply schemes to communities, and infrastructure vandalism is a major challenge. The municipality has installed water service points to informal settlements to ensure access to water services. Communities 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

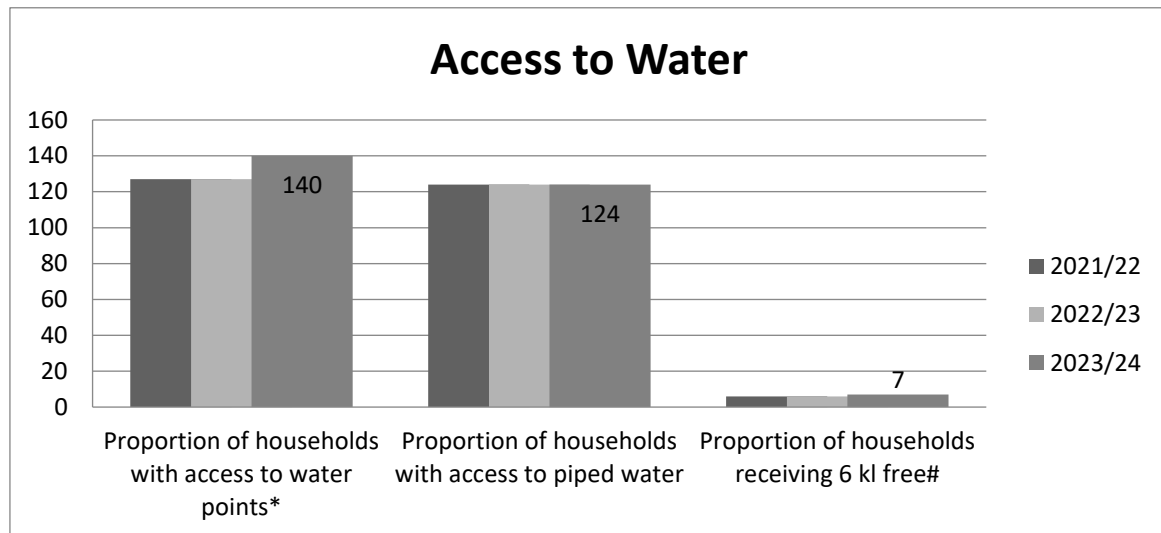
| Water Service Delivery Levels | | | | |
|---|---------------|---------|---------|---------|
| Description | Households000 | | | |
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | Actual | Actual | Actual | Actual |
| | No. | No. | No. | No. |
| <u>Water: (above min level)</u> | | | | |
| Piped water 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) | | | | |
| <i>Minimum Service Level and Above sub-total</i> | 249 | 251 | 251 | 264 |
| <i>Minimum Service Level and Above Percentage</i> | 98% | 99% | 99% | 98% |
| <u>Water: (below min level)</u> | | | | |
| Using public tap (more than 200m from dwelling) | | | | |

| | | | | |
|---|------------|------------|------------|------------|
| Other water supply (more than 200m from dwelling) | – | – | – | – |
| No water supply | 5 | 3 | 2 | 5 |
| <i>Below Minimum Service Level sub-total</i> | 5 | 3 | 2 | 5 |
| <i>Below Minimum Service Level Percentage</i> | 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 | | | | | | |
|--|---------|---------|---------|------------|------------|--------|
| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | | |
| | Actual | Actual | Actual | Original | Adjusted | Actual |
| | No. | No. | No. | Budget No. | Budget 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 | | | | | | |

Access To Water



T 3.1.5

Water service policy objectives taken from the IDP.

| Water Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|---|--|--|--|--|--|--|--|--|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2025 | 2025/2026 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| <i>Households without minimum water supply</i> | 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) |
| <i>Improve reliability of water supply</i> | 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) |
| <i>Improve water conservation</i> | Reduce unaccountable water levels compared to the baseline of 2022/2023 (xxx kilolitres (KLs)) | 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) |

| | | | | | | | | | |
|---|--------------------------------|--|--|--|--|--|--|--|---------|
| | unaccounted for during the yr) | | | | | | | | |
| <p><i>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 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.</i></p> | | | | | | | | | |
| | | | | | | | | | 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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T3.1.7</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.1.8 | | | | | |

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 |
| 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.

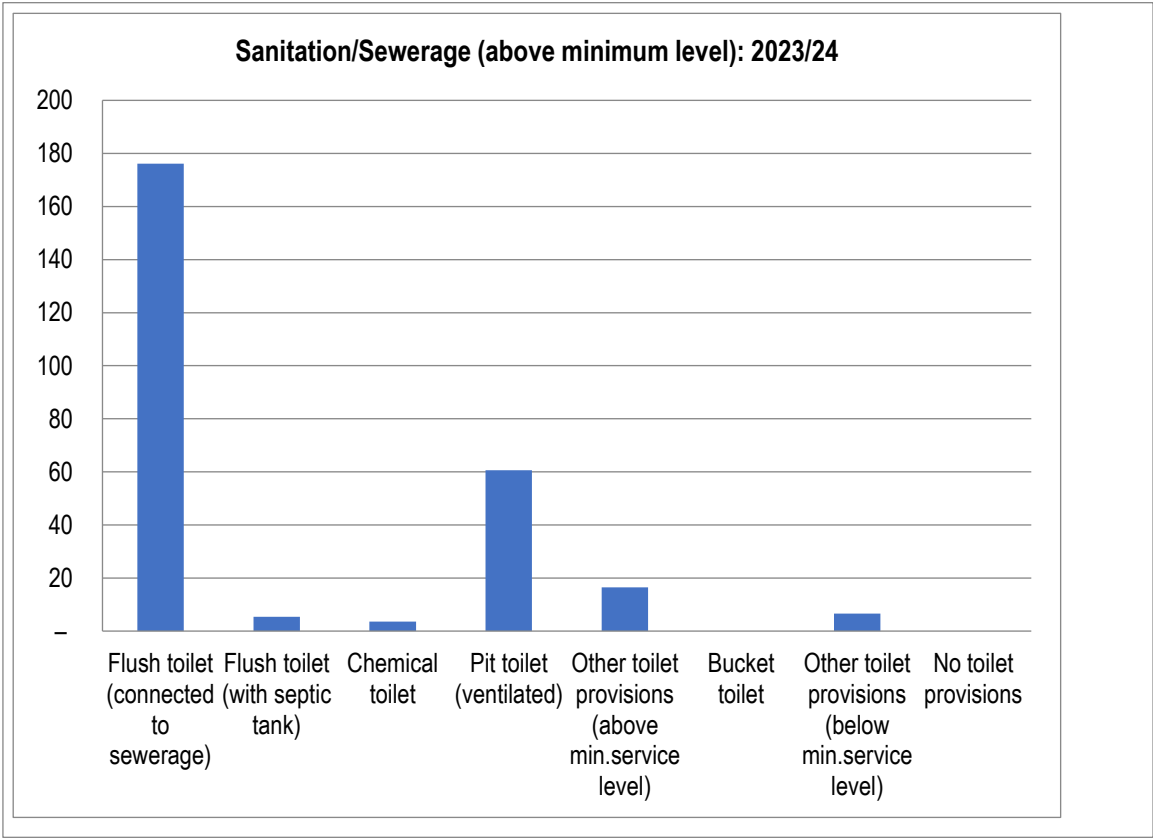
The municipal minimum standard for sanitation services in rural areas is provision of Ventilated Improved Pit-latrines (VIPs). The municipality has provided approximately 58 995 VIPs since 2005. However, there is still approximately 16 444 households in rural areas without ventilated sanitation services. 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



T3.2.2

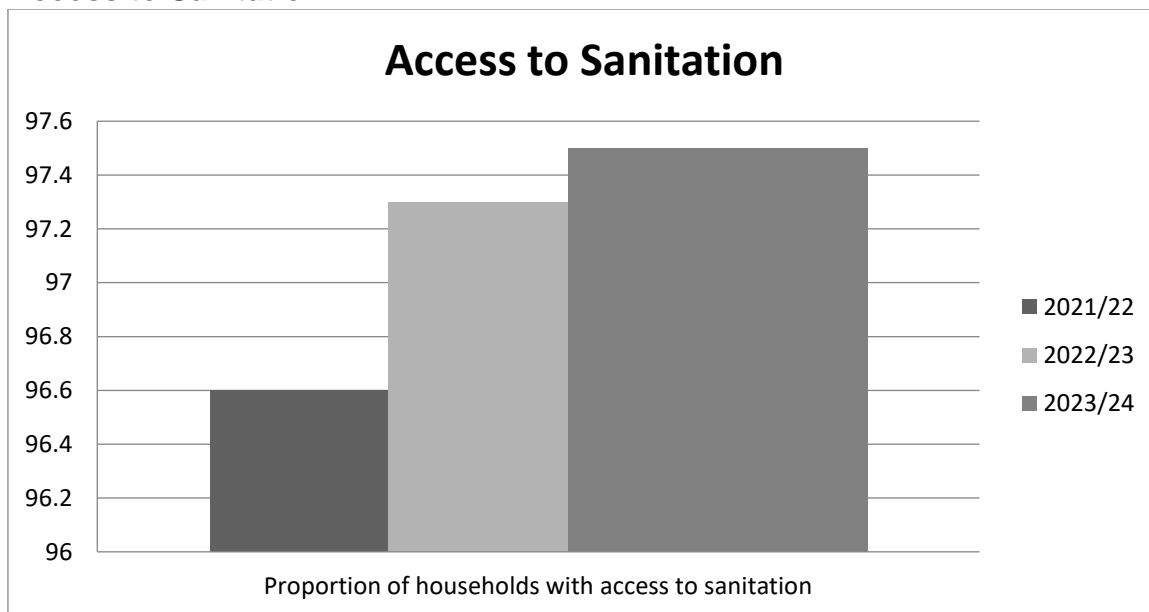
Sanitation Service Delivery Levels.

| Sanitation Service Delivery Levels | | | | |
|---|-------------|-------------|-------------|----------------|
| Description | *Households | | | |
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | Outcome No. | Outcome No. | Outcome No. | Actual No. |
| <u>Sanitation/sewerage: (above minimum level)</u> | | | | |
| 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 |
| <i>Minimum Service Level and Above sub-total</i> | 243 | 245 | 246 | 262 |
| <i>Minimum Service Level and Above Percentage</i> | 95.8% | 96.6% | 97.4% | 97.5% |
| <u>Sanitation/sewerage: (below minimum level)</u> | | | | |
| Bucket toilet | – | – | – | – |
| Other toilet provisions (below min. service level) | 15 | 9 | 7 | 7 |
| No toilet provisions | – | – | – | – |
| <i>Below Minimum Service Level sub-total</i> | 11 | 9 | 7 | 7 |
| <i>Below Minimum Service Level Percentage</i> | 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 | | | | | | |
|---|---------|---------|---------|-----------------|-----------------|--------|
| 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 below minimum service level | | | 7 | 6 | 6 | 6 |
| Proportion of households 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 Service Indicators (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2205 | 2025/2206 | |
|--|---|--|--|--|--|--|--|--|--|
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service 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) |
| <p>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 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.</p> | | | | | | | | | |

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% |
| <p><i>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.</i></p> <p><i>T 3.2.7</i></p> | | | | | |

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% |
| <p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p><i>T 3.2.8</i></p> | | | | | |

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

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

| Meter Type | Coastal Region | | Sub Total | Inland Region | | Sub Total | Midlands Region | | Sub Total | Unknown | | Sub Total | Grand Total |
|-----------------------------------|----------------|--------------|--------------|---------------|-------------|--------------|-----------------|--------------|--------------|------------|-----------|------------|---------------|
| | 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

| Tariff | Region | | | | | | | | | | | | |
|--------|---------|--------|-------|-----------|--------|--------|-------|-----------|----------|--------|-------|-----------|-------------|
| | Coastal | | | Sub Total | Inland | | | Sub Total | Midlands | | | Sub Total | Grand Total |
| | 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 VISITED | HOURS VISITED | DAYS VISITED | HOURS VISITED | DAYS VISITED | HOURS VISITED | DAYS VISITED | HOURS VISITED | DAYS VISITED | 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 | | | | | |
| | <u>199</u> | <u>794</u> | - | <u>62</u> | <u>247</u> | - | <u>61</u> | <u>229</u> | - | <u>47</u> | <u>194</u> | - | <u>29</u> <u>121</u> |

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.

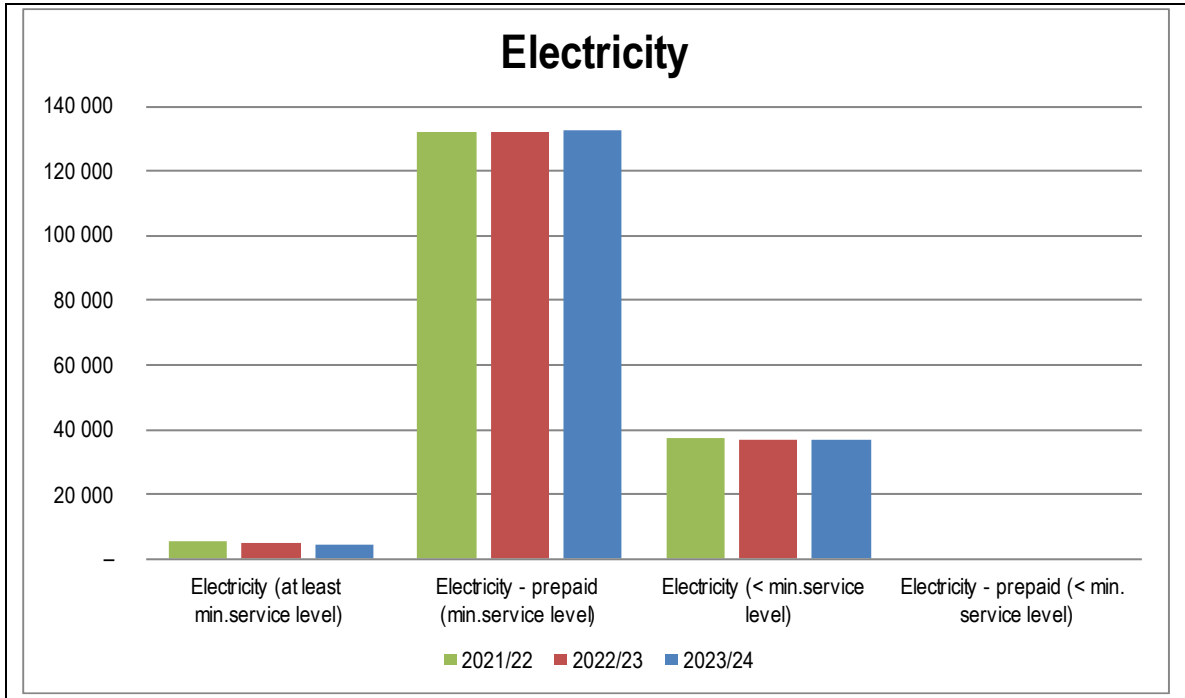
Table 7: % of Total Rand Sales, per customer group, for 2023/24

| 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 | | | | |
|---|---------------|---------------|---------------|-------------------------|
| Description | 2020/2021 | 2021/2022 | 2022/2023 | Households 2023/2024 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Energy: (above minimum level)</u> | | | | |
| Electricity (at least min.service level) | 4129 | 6132 | 5132 | 5133 |
| Electricity - prepaid (min.service level) | | | | |
| <i>Minimum Service Level and Above sub-total</i> | 133 | 138 | 137 | 138 |
| <i>Minimum Service Level and Above Percentage</i> | 78.2% | 78.9% | 78.7% | 78.9% |
| <u>Energy: (below minimum level)</u> | | | | |
| Electricity (< min.service level) | 37 | 37 | 37 | 37 |
| Electricity - prepaid (< min. service level) | | | | |
| Other energy sources | | | | |
| <i>Below Minimum Service Level sub-total</i> | 37 | 37 | 37 | 37 |
| <i>Below Minimum Service Level Percentage</i> | 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 | | | | | | |
|--|---------|---------|---------|-----------------|-----------------|----------------|
| 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 ts below minimum service level | 37 | 37 | 37 | 37 | 37 | 37 |
| Proportion of households ts 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 <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2025 | 2025/2026 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service 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 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | | |

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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T 3.3.6</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.3.7 | | | | | |

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% | – |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| T 3.3.8 | | | | | |

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
Road

Buffalo Flats: Alphendale HS Cnr Ziphunzana and Alphen

Ward 1

Ward 8

Ward 10

| <u>GPS CO-ORDINATES</u> | <u>GPS CO-ORDINATES</u> | <u>GPS CO-ORDINATES</u> |
|-------------------------|-------------------------|-------------------------|
| X: - 33.003006 | X: - 33.015599 | X: - 33.012315 |
| Y: 27.875611 | Y: 27.843831 | Y: 27.844957 |

NU 2 MDT: Langelitsha JPS

Reeston: Taxi Rank (erf 55984) NU 10 MDT: Nobhotwe JPS

Ward 11

Ward 13

Ward 148

| <u>GPS CO-ORDINATES</u> | <u>GPS CO-ORDINATES</u> | <u>GPS CO-ORDINATES</u> |
|-------------------------|-------------------------|-------------------------|
| 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 Have 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 Substation | 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 its 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 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 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. 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 which serve as multi-recycling centres for buying, sorting and resale of various plastic materials and other recyclables such as paper, cans, glass or bottles. Waste Reclaimers or Waste Pickers and community members sell their recyclable waste to the Buy-Back Centres and are compensated with vouchers from various stores.

Waste management activities and interventions undertaken are as follows:

- Refurbishment of Roundhill and King Williams Town Landfill, Kaysers Beach Garden Transfer station and Kidds Beach Garden Transfer station.
- Establishment of Mdantsane Garden Transfer Station and Qonce Garden Transfer Station.
- 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.
- Clustering of service areas for refuse removal in the residential areas to ensure optimal use of resources and also to prevent waste collection backlogs.
- Integration of daily operations of Directorate Services such as street cleaning, gutter clearance, clearance of illegal dumps, grass cutting and bush clearing 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.

T3.4.1.

Solid Waste Service Delivery Levels.

| Solid Waste Service Delivery Levels | | | | |
|--|----------------|----------------|----------------|-----------------------|
| Description | 2020/21 | 2021/22 | 2022/23 | Households 2023/24 |
| | Actual | Actual | Actual | Actual |
| | No. | No. | No. | No. |
| <u>Solid Waste Removal: (Minimum level)</u> | | | | |
| Removed at least once a week | 157,392 | 157,392 | 157,392 | 157,392 |
| <i>Minimum Service Level and Above sub-total</i> | 157,392 | 157,392 | 157,392 | 157,392 |
| <i>Minimum Service Level and Above percentage</i> | 71.1% | 71.1% | 71.1% | 71.1% |
| <u>Solid Waste Removal: (Below minimum level)</u> | | | | |
| 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 |
| <i>Below Minimum Service Level sub-total</i> | 63,942 | 63,942 | 63,942 | 63,942 |
| <i>Below Minimum Service Level percentage</i> | 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 | | | | | | |
|--|---------|---------|---------|-----------------------|-----------------|---------|
| Description | 2020/21 | 2021/22 | 2022/23 | Households 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 <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/23 | | 2023/24 | | | 2024/25 | 2025/26 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| 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 | 467,5 Tons (467 500 kg) of recyclables diverted from Landfills to | 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 |

| | | | | | | | | |
|--|--|--|---------------------|---------------------|--|--|--|--|
| | | | Buy-Back Centres | Buy-Back Centres | | | | |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | |

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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T3.4.5</i></p> | | | | | |

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% |
| <p><i>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.</i></p> <p style="text-align: right;">T3.4.6</p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.4.7 |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.4.8 |

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 states that: 1) South Africans have a right to access to sustainable housing. 2) The South African Government must take reasonable legislative and other measures within its available resources, to achieve the progressive realisation of this right 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 of 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% |
| | | | <i>T 3.5.2</i> |

Housing service policy objectives taken from the IDP

| Housing Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|-------------------------|--------|-----------------------|-----------------------|--------|-------------------------|-----------------------|------------------------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2025 | 2025/2026 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | | *Previous Year (v) | *Current Year (vi) | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| To promote an integrated spatial form | Number of subsidized housing units completed | 748 | 379 | 748 | 1100 | n/a | 500 | n/a | 500 |
| To promote an integrated spatial form | Number of formal sites serviced | 643 | 197 | 643 | 1120 | n/a | 1000 | n/a | 1000 |
| Housing Developments located in quality environments and close to economic opportunities | Number of beneficiaries registered for housing opportunities | 2020 | 2030 | 2020 | 2020 | n/a | 2010 | n/a | 2010 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | |

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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T 3.5.4</i></p> | | | | | |

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

| Financial Performance Year 2023/2024: Human Settlements Services | | | | | |
|--|-----------------|-----------------|-------------------|---------------|--------------------|
| R'000 | | | | | |
| Details | Year -2022/2023 | Year 2023/2024 | | | |
| | 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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.5.5 | | | | | |

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

| Capital Expenditure Year 2023/2024 Housing Services | | | | | |
|---|----------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 2023/2024 | | | | |
| | 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 |
| 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 :

- Mdantsane zone 18 cc of 1500 housing units with internal services (operating & Capital budget intake
- Peelton Housing Project 598 housing units (operating budget intake)
- Reeston Phase 3 stage 2 housing project 450 housing units and internal services (Operating & Capital budget intake)
- 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.

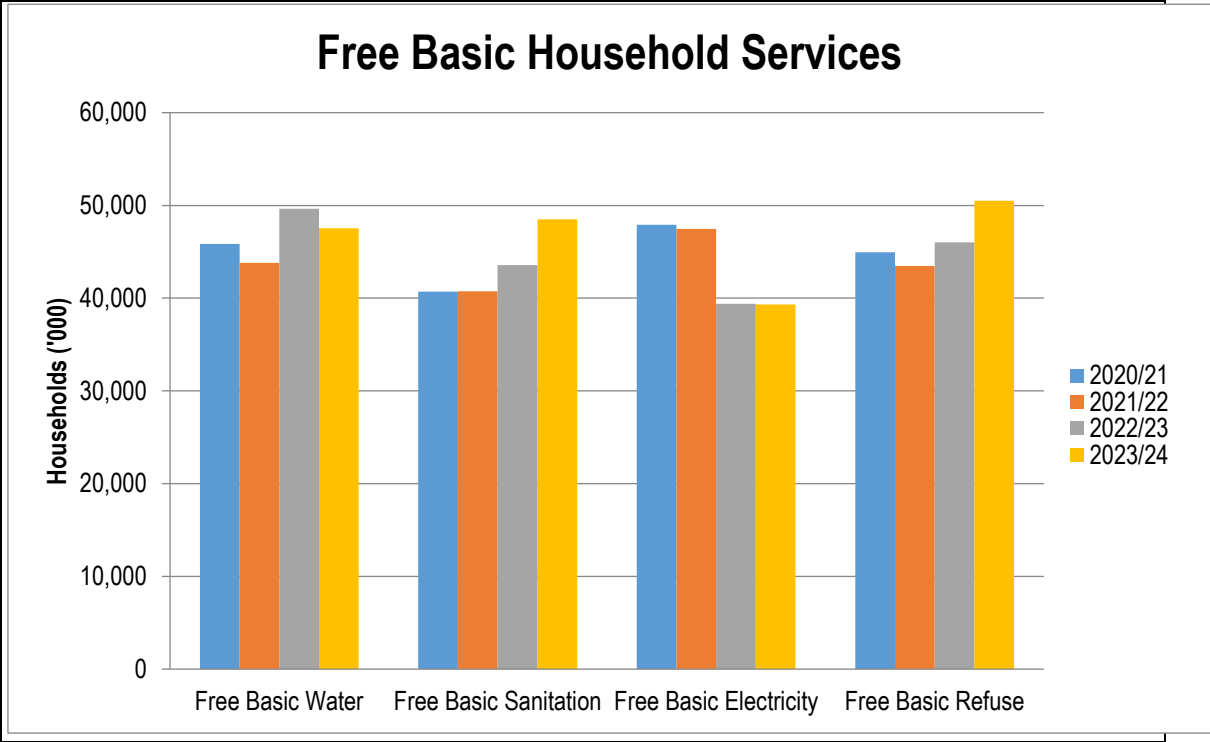
In terms of its Constitutional obligation, BCMM provides a monthly indigent subsidy to registered indigent customers. BCMM has an Indigent Support Policy and By-law in place that governs the application process and financial aspects. Council reviewed the Indigent Support Policy for 2023/24. For the period 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 | | | | | | | | | | |
|--|-------------|---|------------------|------|-----------------------|------|------------------------|------|-------------------|------|
| | Grand Total | Number of households | | | | | | | | |
| | | 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 <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *2022/2023 (iii) | (iv) | 2022/2023 (v) | 2023/2024 (vi) | (vii) | 2024/2025 (viii) | 2025/2026 (ix) | 2026/2027 (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% |
| | | | | | | | | | |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | | |
| T 3.6.5 | | | | | | | | | |

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 cater 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-funding 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 ± 1709 km of roads with an estimated replacement cost of \pm R 7.3 Billion and a Gravel roads network of ± 1618 km with an estimated replacement cost of R 2,4 Billion.

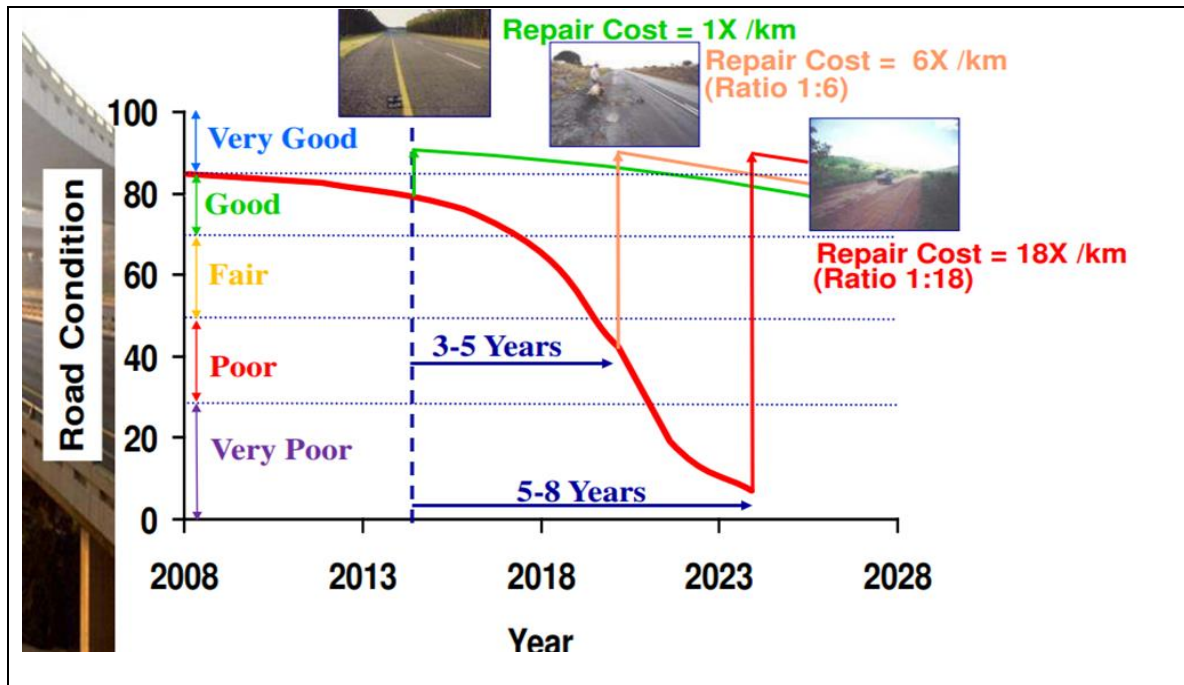
The Roads Branch had an annual capital budget allocation of R 152 Million for upgrading of roads, rehabilitation and resurfacing of surfaced roads, and re-gravelling of rural roads. An amount of R 98 Million was allocated under the operational budget for the maintenance of existing roads and road furniture.

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.

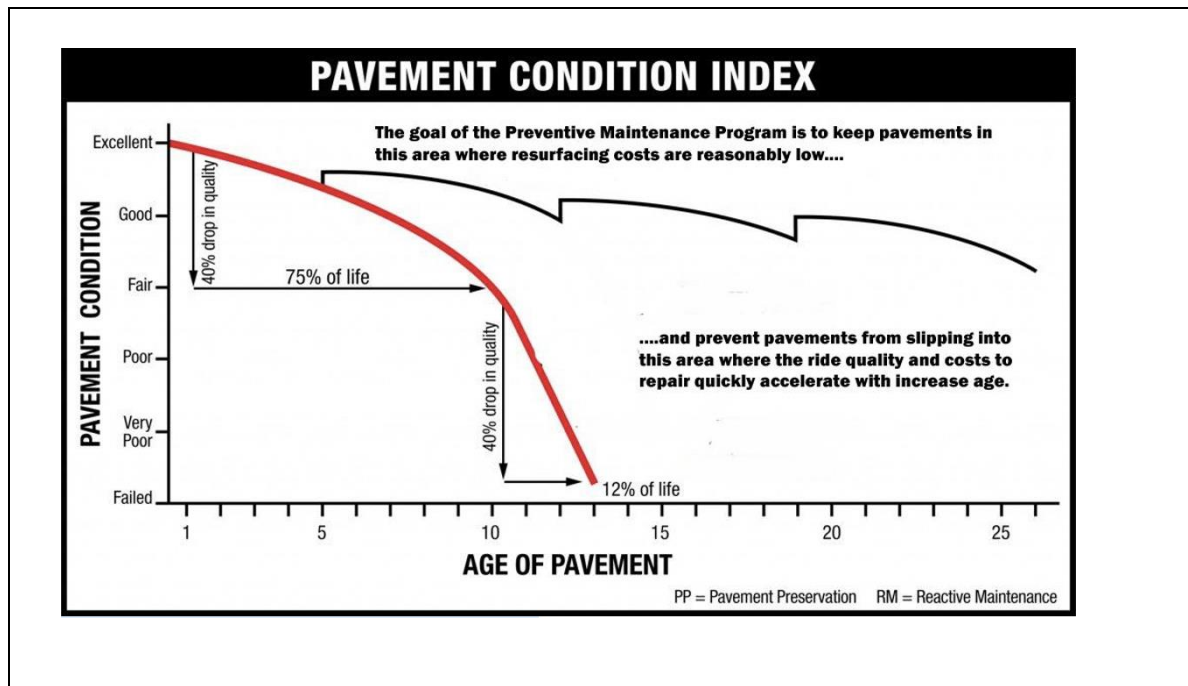
The Pavement management system (PMS) is an important tool for the planning and management of infrastructure. The condition assessments give a snapshot of the roads at a particular point in time. This enables the municipality to determine the condition and extent of the infrastructure under its control. 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 | Duncan Village | C section | 0,7 km | Complete |
| 8 | Duncan 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.

The roads branch undertakes re-gravelling, spot blading, wet and dry blading of municipal rural roads on an ongoing basis. Rural roads re-gravel and maintenance has an annual budget allocation under the Capital and Operational budgets. The vast Rural roads network, and adverse weather conditions makes it difficult to maintain the network to an acceptable level with the available resources. The undulating terrain, and rainfall are some of the factors that result in the gravel roads requiring regular maintenance. Gravel roads generally required re-gravelling every 5 years. The provision of rural roads can also

be costly and challenging as the villages are often widely dispersed which makes it a challenge to provide road access, as long sections of road must be constructed at a high capital cost to very few houses.

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:

- Provincial Department of Roads and Transport which is responsible for 472km of surfaced roads and 1083km of gravel roads within the BCMM area.
- South African National Roads Agency Limited (SANRAL) which is responsible for all the National roads within BCMM such as the N2, N6 and R72.

There is an ongoing collaboration between SANRAL and BCMM in implementing various 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.

Dualling of R72 East London

Upgrading to a dual carriageway from East London Airport to Gxulu River.
Currently at detailed design stage

Dualling of N2: End of Freeway to Brakfontein

Upgrading to a dual carriageway
Currently at detailed design stage

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

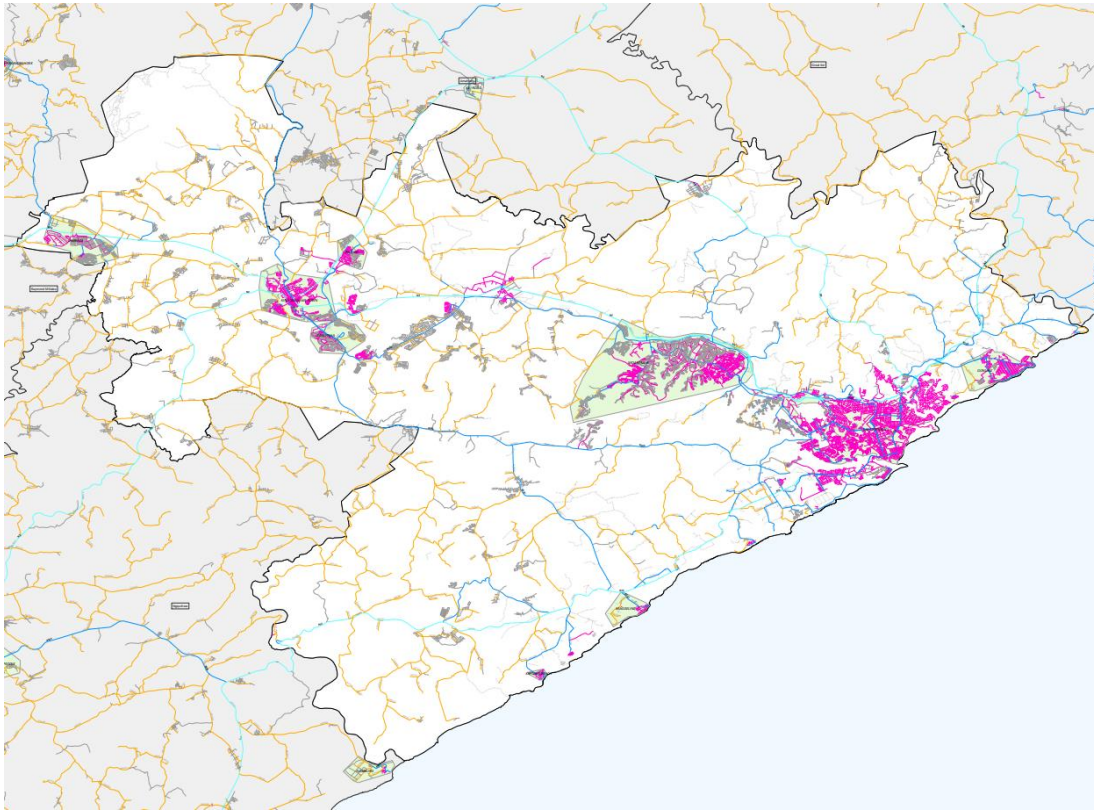
BCMM has engagements with the Department of Roads & Public Works (DRPW) through the intergovernmental relations forum to address the maintenance and upgrade of provincial roads within the Metro. Many National and Provincial roads have a profound impact on the Metro as the National roads facilitate the 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 are 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 (M²) | WET BLADING (KM) | REGRAVELLING (KM) | BUSH CLEARING & GRASS CUTTING (M²) | 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 | | | | |
| 3 | | DR02721 | Quenera | | | 4 | | | R2 000 000,00 |
| 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 |

| WARD | AREA | STREET | ESTIMATED LENGTH | COMMENTS/STATUS |
|------|----------------|----------------------------------|------------------|-----------------|
| 1 | Milner Estate | Falmouth Rd and Grange Rd | 0,46 km | Complete |
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| 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.

The roads branch undertakes re-gravelling, spot blading, wet and dry blading of municipal rural roads on an ongoing basis. Rural roads re-gravel and maintenance has an annual budget allocation under the Capital and Operational budgets. The vast Rural roads network, and adverse weather conditions makes it difficult to maintain the network to an acceptable level with the available resources. The undulating terrain, and rainfall are some of the factors that result in the gravel roads requiring regular maintenance. Gravel roads generally required regravelling every 5 years. The provision of rural roads can also be costly and challenging as the villages are often widely dispersed which makes it a challenge to provide road access, as long sections of road must be constructed at a high capital cost to very few houses.

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 |
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| 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 |
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| 26 | Msobomvu | Complete | 6km |
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| TOTAL | | | 17.2 km |

INLAND

| Ward | Area | Status | Length |
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| 40 | Tshabo 3 | Complete | 2.5km |
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Roads stakeholders

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Current Status: Complete

Scope:

- Road widening
- Road improvement
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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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Upgrading to a dual carriageway from East London Airport to Gxulu River.
Currently at detailed design stage

Dualling of N2: End of Freeway to Brakfontein

Upgrading to a dual carriageway
Currently at detailed design stage

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

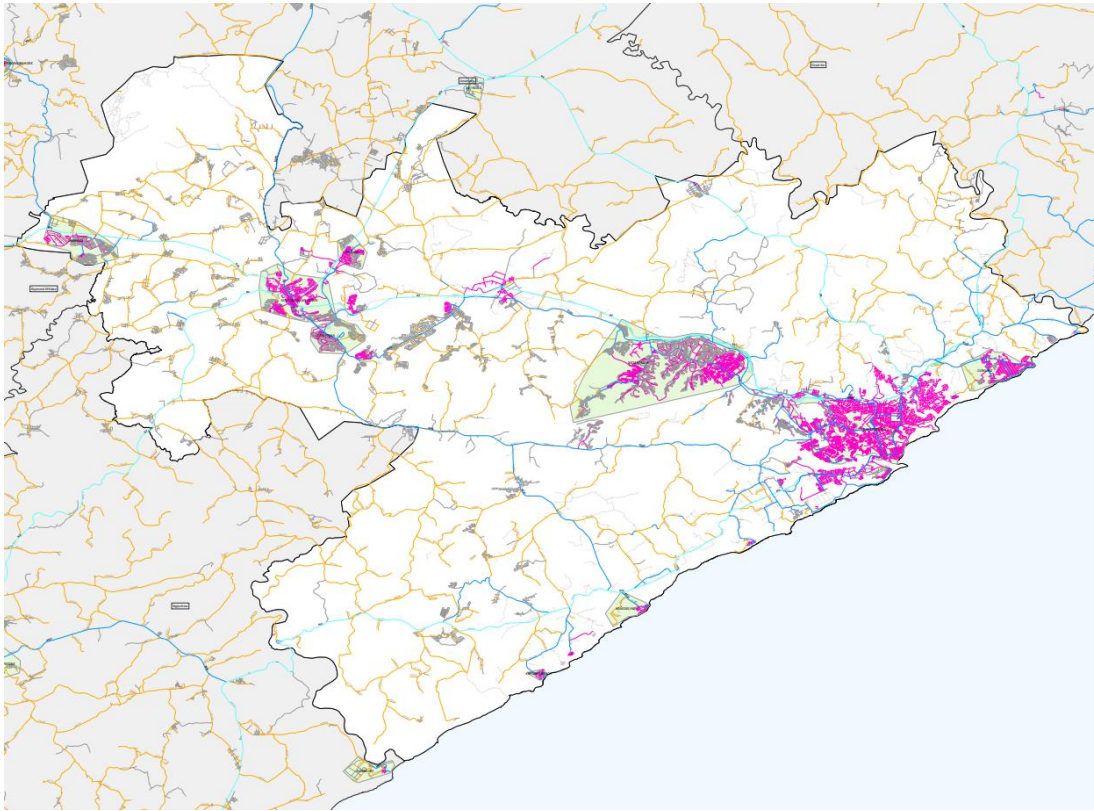
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The list below are status of projects implemented by Department of roads and Transport within BCMM in 23/24 financial year:

| BUFFALO CITY METRO MUNICIPALITY COMMITMENTS FOR 23/24 BUDGET | | | | | | | | | |
|---|---------------------|-------------|--------------------------|-----------------------|------------------|-------------------|------------------------------------|----------------------------------|-----------------------|
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| 2 | | DR07133 | Nonibe | | | 4 | | 4 | |
| | | Various | Various | | 50 | | | | |
| 3 | | DR02721 | Quenera | | | 4 | | | R2 000 000,00 |
| 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)
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T3.7.1.

Gravel roads infrastructure

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COASTAL

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|--------------|---------------|----------|--------------|
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| 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 |

T3.7.2

Other Roads 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:

- ✚ Provincial Department of Roads and Transport which is responsible for 472km of surfaced roads and 1083km of gravel roads within the BCMM area.
- ✚ South African National Roads Agency Limited (SANRAL) which is responsible for all the National roads within BCMM such as the N2, N6 and R72.




There is an ongoing collaboration between SANRAL and BCMM in implementing various 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.

Dualling of R72 East London

-  Upgrading to a dual carriageway from East London Airport to Gxulu River.
-  Currently at detailed design stage




Dualling of N2: End of Freeway to Brakfontein

-  Upgrading to a dual carriageway
-  Currently at detailed design stage

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

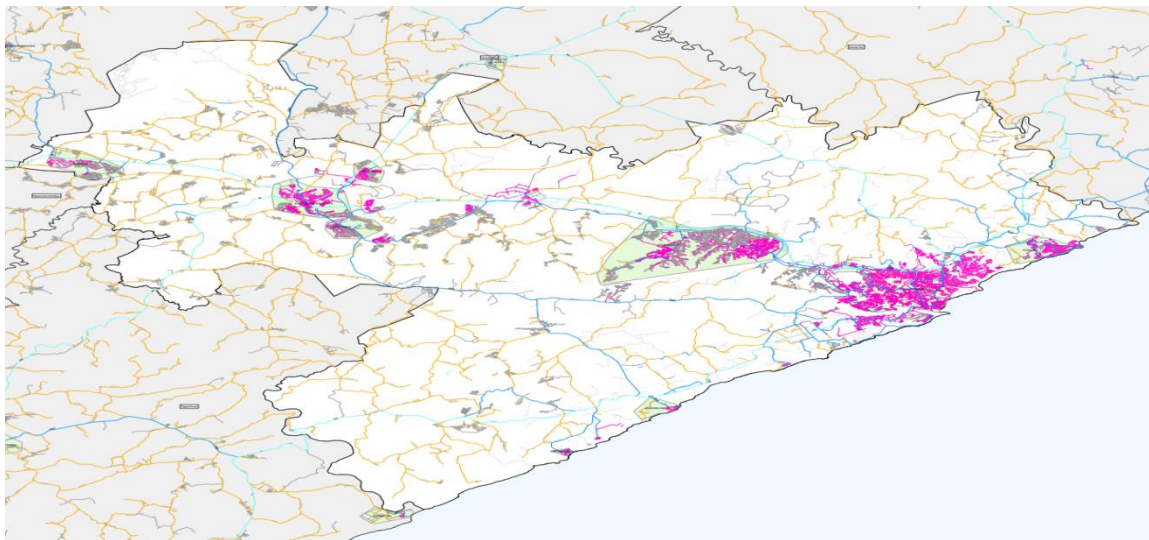
BCMM has engagements with the Department of Roads & Public Works (DRPW) through the intergovernmental relations forum to address the maintenance and upgrade of provincial roads within the Metro. Many National and Provincial roads have a profound impact on the Metro as the National roads facilitate the 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 (M²) | WET BLADING (KM) | REGRAVELLING (KM) | BUSH CLEARING & GRASS CUTTING (M²) | 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 | | | | |
| 3 | | DR02721 | Quenera | | | 4 | | | R2 000 000,00 |
| 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

Tarred roads infrastructure

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 | 0,405 km | Complete |
| 3 | Selborne | Hardy Rd | 0,131 km | Complete |
| 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 |
| 28 | Beacon Bay | Blue Water Plc | 0,20km | Complete |
| 18,4,47,3 | Southernwood, Baysville, Vincent | NEX | 0,30km | Complete |
| 18 | Vincent | Buchholtz St | 0,150km | Complete |
| 29 | Gonubie | Oceanway | 0,440km | Complete |
| 47 | Quigney | Esplanade | 0,330km | Complete |
| 10,16 | Scenery Park | Scenery Park Main Rd | 0,100km | Complete |
| 15 | Nompumelelo | Umzimvubu St | 0,288km | Work in progress |
| 15 | Nompumelelo | Robert Sobukwe Street | 0.590km | Complete |
| 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 |

| WARD | AREA | STREET | ESTIMATED LENGTH | COMMENTS/S TATUS |
|------|----------------|---------------------------|------------------|------------------|
| 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

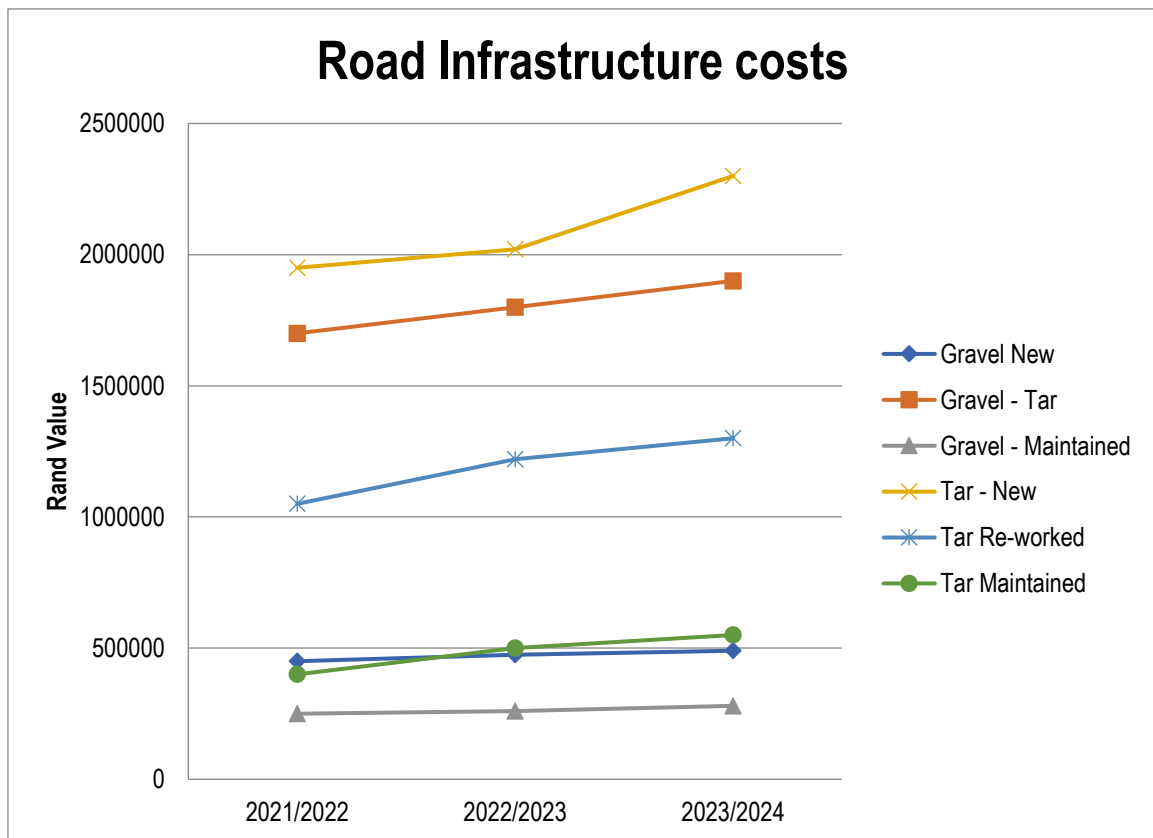
| WARD | AREA | STREET | ESTIMATED LENGTH | COMMENTS/ STATUS |
|------|-----------------|--------------------------------------|------------------|------------------|
| 37 | West Bank (KWT) | Leighton PI, Maluti Rd & Stomberg St | 0.9 km | Complete |
| 43 | Tyutyu (Bisho) | Njokweni St | 0.7km | Complete |
| 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 | | | | | | |
|----------------------------------|--------|--------------|------------|------|-----------|------------|
| | 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 <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2025 | 2026/2027 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service 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% |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | | |

T 3.7.6

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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T3.7.7</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.7.8 | | | | | |

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 and 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 | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• 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 cater 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-funding 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 subsidised by the National Government. Completed Business Plans for each of the IPTN corridors will be used as a basis to negotiate with affected operators to initiate the subsidised bus service operations once the suspension of the grant from July 2020 for a period of three years has lapsed.

The following documents are reviewed periodically to implement the strategy:

- a) **Comprehensive Integrated Transport Plan** – deals with an overall perspective of the BCMM transport planning documents. The plan is currently being updated.
- b) **Non-Motorised Transport Plan** – deals with plan on the implementation of priority projects in terms of non-motorised transport (sidewalks, bicycle lanes, traffic safety plans).
The plan for rural non-motorised transport is complete and a number of identified pedestrian bridges have been implemented in the last five years. Designs for the remaining bridges have been completed and implementation will commence when funds are available.
- c) **Traffic Safety Plan** – reduce the number of severity of collisions & casualties within its area of operations. The plan is due for review.
- d) **Transport Register** – The latest plan was completed in 2017. The plan provides a description of all the scheduled and unscheduled services operating in, to or from the Buffalo City area and of all public transport facilities and infrastructure in the Buffalo

City area. The Transport Register includes a record of all changes to operating licenses and permits in the Buffalo City area and new ones issued.

- e) **Freight Plan** – to survey the current freight movement and the modes by which such freight is being transported, and which has defined certain strategic freight corridors. The plan is due for review.
- f) **Arterial Road Network Development Plan** – The plan was completed in 2016. Transport Planning is a dynamic process, as forecasting future needs is dependent upon current priorities, planning and development. This Plan is used to assist in the formulation of an implementation programme for the next five years, and as a guide for planning in years beyond. The plan is due for review.
- g) **Public Transport Plan** – this plan assists the City in planning for public transport services and their various systems. The plan has been updated as part of the City's Integrated Public Transport Networks planning.
- h) **Business Plan & Operational Plan** – this plan assists the City in identifying 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

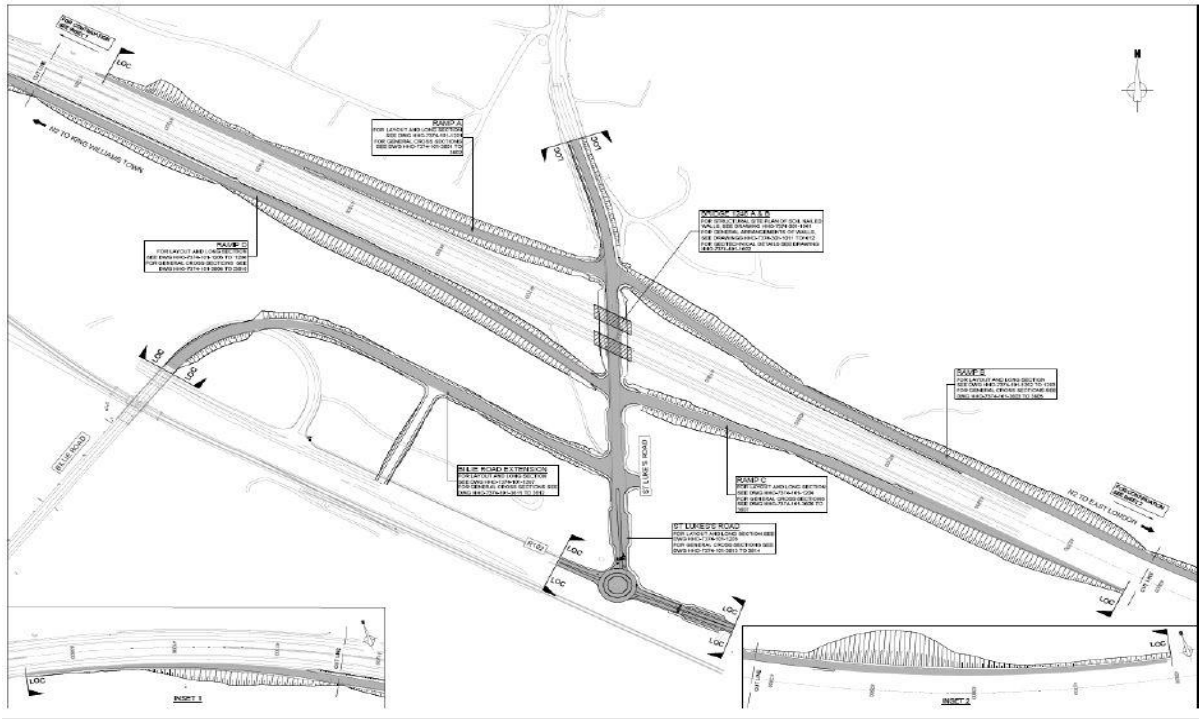
BCMM currently operates a fleet of only 5 municipal buses. The fleet was reduced from thirty-three buses when Council decided that all buses over fifteen years old should be removed from the service. The buses are predominately used by scholars. The demand has reduced due to the costs of the fares being 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. | Estimate No. |
| 1 Passenger journeys | not available | 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 | various size buses |
| 3 Average Unused Bus Capacity for all journeys | 25% | 50% | 75% | 25% | 25% |
| 4 Size of bus fleet at year end | 5 | 5 | 5 | 5 | 5 |
| 5 Average number of Buses off the road at any one time | 0 | 1 | 1 | 2 | 2 |
| 6 Proportion of the fleet off road at any one time | 0% | 20% | 20% | 40% | 40% |
| 7 No. of Bus journeys scheduled | 8 | 6 | 6 | 6 | 6 |
| 8 No. of journeys cancelled | 0 | 0 | 0 | 0 | 0 |
| 9 Proportion of journeys cancelled | 0% | 0% | 0% | 0% | 0% |

T 3.8.2

Concerning T 3.8.2

Line 6 is calculated by taking the numbers from lines, as follows: $5/4 \times 100\%$. The average number of busses off the road is obtained by sampling the number off the road on different days at different times. Line 9 is calculated by taking numbers from lines as follows: $8/7 \times 100\%$.

T3.8.2.1

Transport Services policy objectives taken from the IDP

| Transport Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|----------------|--------|----------------|---------------|------|---------------|---------------|-----------------|
| Service Objectives <i>Service Indicators</i> | Outline Service Targets | 2022 / 2023 | | 2023 / 2024 | | | 2024/ 2025 | | |
| | | Target | Actual | Target | Actual | | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | (vi) | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vi) | (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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T3.8.4</i></p> | | | | | |

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% |
| <p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;"><i>T 3.8.5</i></p> | | | | | |

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 |
| 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. | | | | | 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 are 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 BCM 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 installation 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.



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

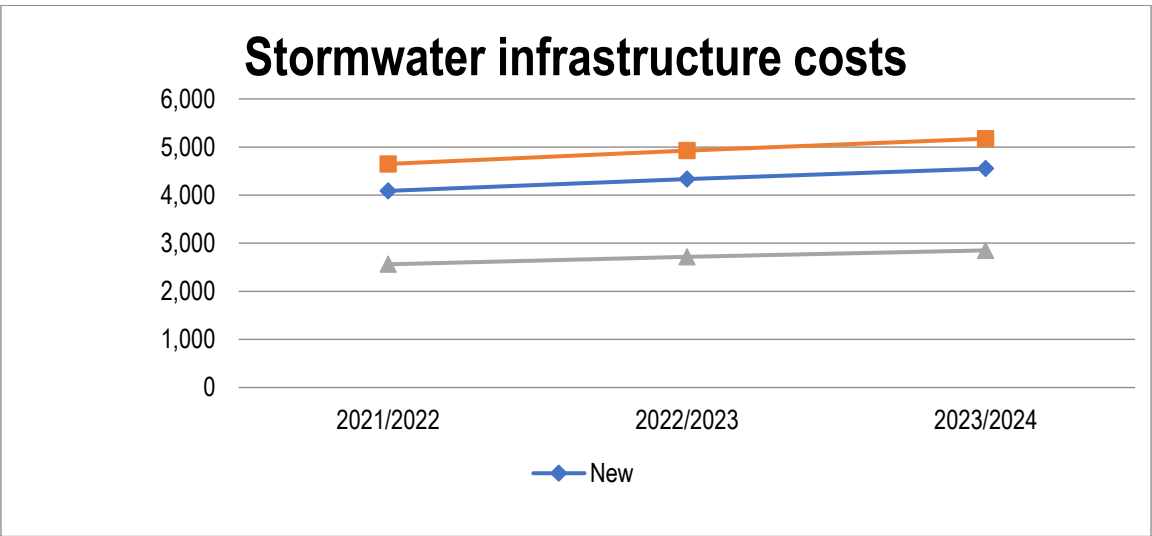
Stormwater Infrastructure (Table)

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

T3.9.2

Cost of construction/maintenance

| Cost of Construction/Maintenance | | | |
|----------------------------------|---------------------|----------|----------------|
| | 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 |
| | | | <i>T 3.9.3</i> |



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 | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| Service Indicators (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 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | | |

T 3.9.5

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% |
| <p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget 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</p> | | | | | |
| | | | | | T 3.9.6 |

Financial Performance for Financial Year 2023/2024: Stormwater Service.

| Financial Performance 2023/2024: Stormwater Services | | | | | |
|--|-----------|-----------------|-------------------|---------|--------------------|
| | | | | | R'000 |
| Details | 2022/2023 | 2023/2024 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 6,051 | 8,353 | 7,934 | 6,051 | -38% |
| Expenditure: | | | | | |
| Employees | 88,042 | 103,670 | 96,134 | 96,134 | -8% |
| Repairs and Maintenance | 124,589 | 132,951 | 116,248 | 115,530 | -15% |
| Other | – | – | – | – | 0% |
| Total Operational Expenditure | 212,632 | 236,621 | 212,381 | 211,664 | -12% |
| Net Operational Expenditure | 206,581 | 228,268 | 204,448 | 205,612 | -11% |
| <p>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.</p> | | | | | 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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| T 3.9.8 | | | | | |

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.

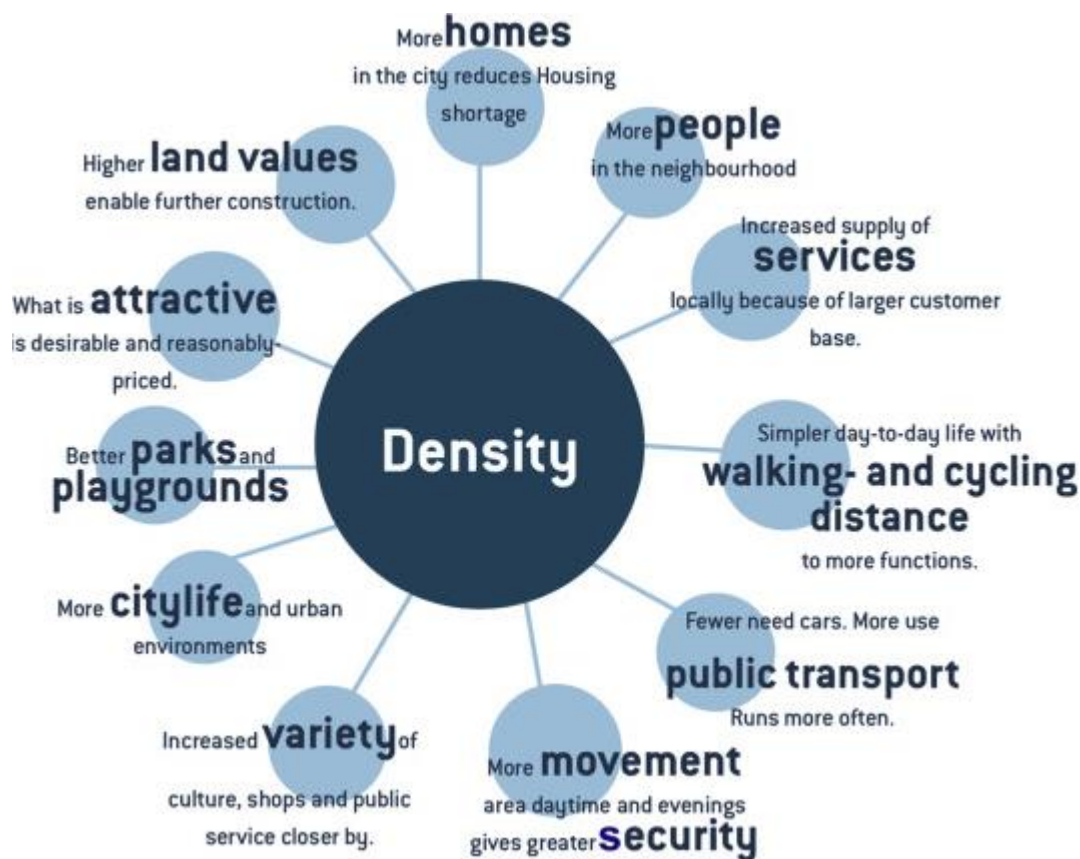


Figure: Key Elements in the Concept of a Compact City

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.

Principles of SPLUMA

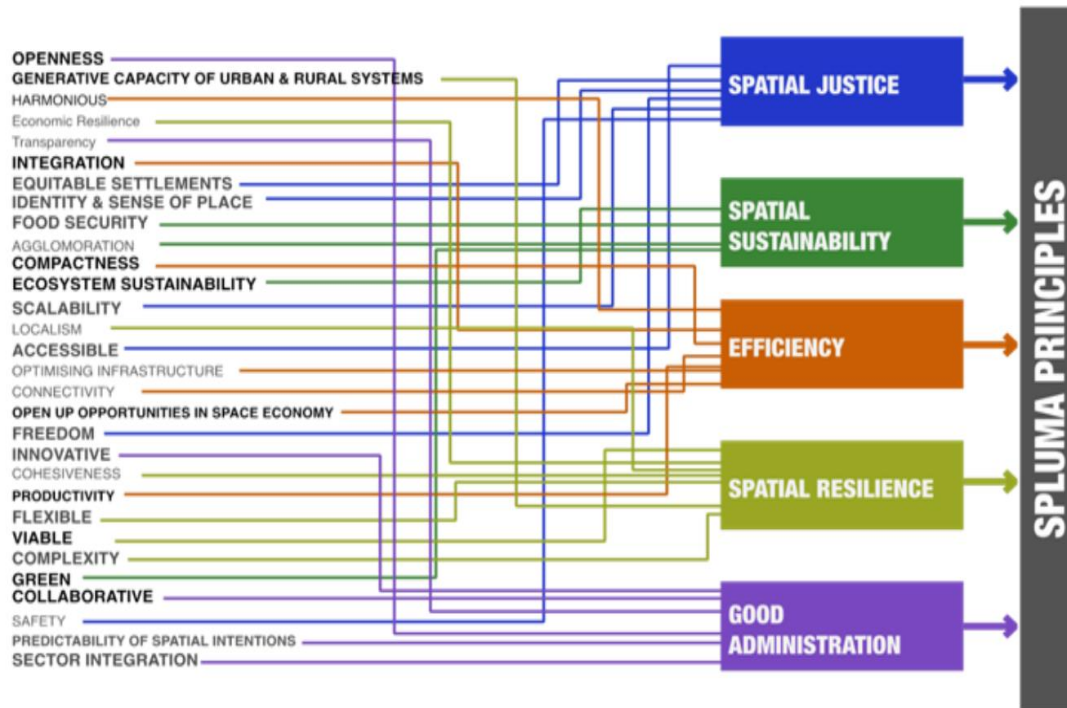


Figure: The SPLUMA Development Principles (DRDLR, 2015)

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.

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.

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

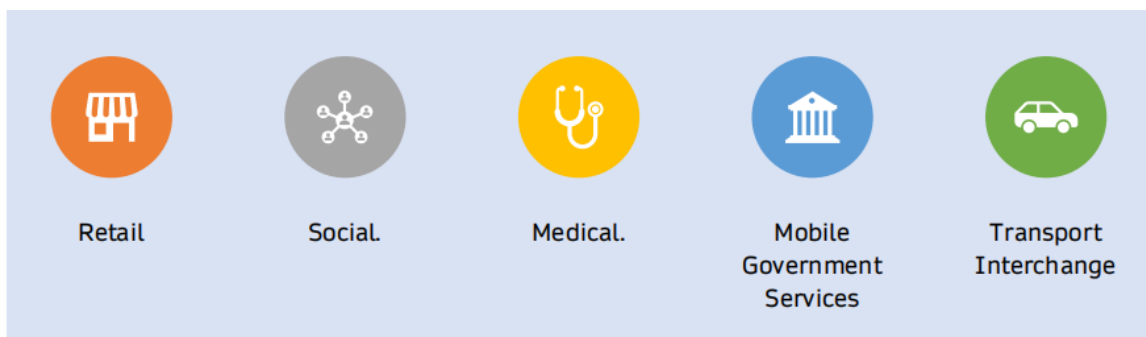
Six Mass integrated Human Settlement Areas have been identified in key locations to cater for the Housing Backlog. These areas are intended to: **AREAS**

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.



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.

Application 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 |

| 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 | | |
| Determination made in year of receipt | 3 | 3 | 8 | 3 | | |
| Determination made in following year | 4 | 3 | 0 | 0 | | |
| Applications withdrawn | 0 | 0 | 1 | 0 | | |
| Applications outstanding at year end | 6 | 4 | 41 | 37 | | |
| | | | | | | T 3.10.2 |

Planning policy objectives taken from the IDP

| Planning Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2025 | 2025/2026 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service 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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T 3.10.4</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.10.5 | | | | | |

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% | – |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | |
| T 3.10.6 | | | | | |

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 |
| Khayaletu | Ward 12 | 68 |
| Tyutyu | Ward 43 | 339 |
| Erf 325 | Ward 40 | 2 |
| Slovo Park | Ward 42 | 128 |
| Total | | 900 |

TRANSPORT PLANNING AND OPERATIONS

| <u>NAME OF PROJECT (Major Projects)</u> | <u>PROGRESS/ STATUS</u> | <u>ALLOCATED BUDGET 23/24</u> | <u>EXPENDITURE TO DATE</u> | <u>CHALLENGES EXPERIENCED AND SOLUTIONS</u> | <u>MAJOR ACTIVITIES FOR 23/24</u> | <u>PROJECT VALUE and ACTIVITIES</u> |
|---|-------------------------|-------------------------------|----------------------------|--|---|-------------------------------------|
| 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.



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 1530m²
- ✚ Steel structure includes concrete footings and stub columns as per drawings.
- ✚ Construction of Ablution facilities, 24m² for males, female and disabled people
- ✚ Construction of hawker stalls, 63.m² 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:

| | | | |
|---|---|--|---|
|  |  |  |  |
| Construction of Traffic Circle | Construction of Sidewalks on the left-hand side of the circle | Provide Safety for Mdantsane Residence & Easy Access to N2 | Provide Safe Access to the Hawkers Selling on the Road |

The project will be completed by end of November 2024.

PROJECT COSTS, JOB CREATION & SMME DEVELOPMENT.

| | | |
|---|---|---|
|  |  |  |
| Project Value | EMPLOYMENT OPPORTUNITIES | SMALL MICRO MEDIUM ENTERPRISE (SMME) |
| R 25,600 000-00 Incl Vat | 8 local labours will be employed during the construction stage | 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 with two more programmed to be built 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:



Construction of either a pedestrian or vehicular bridge



Construction of associated walkways or roadways to connect to the public road network.

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 |

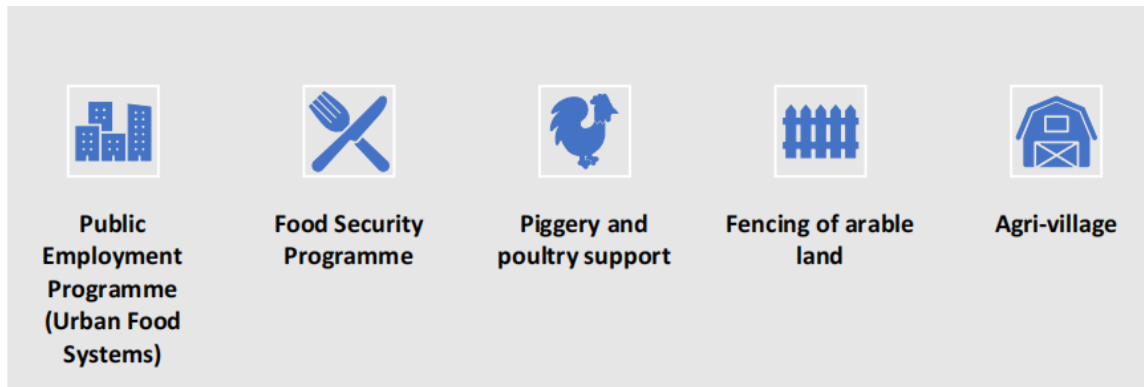
T3. 10.7

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 | Nkosiyanane |
| 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 Thembaletu 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 energetic 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 is 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 Nkosiwane 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 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 | 23 |
| | 05 May 24 | 10 |
| | 08 May 24 | 19 |
| | | Total 52 |
| Qonce | 23 April 24 | 18 |
| | 09 May 24 | 18 |
| | 13 June 24 | 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. |
| Imakhwe 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.

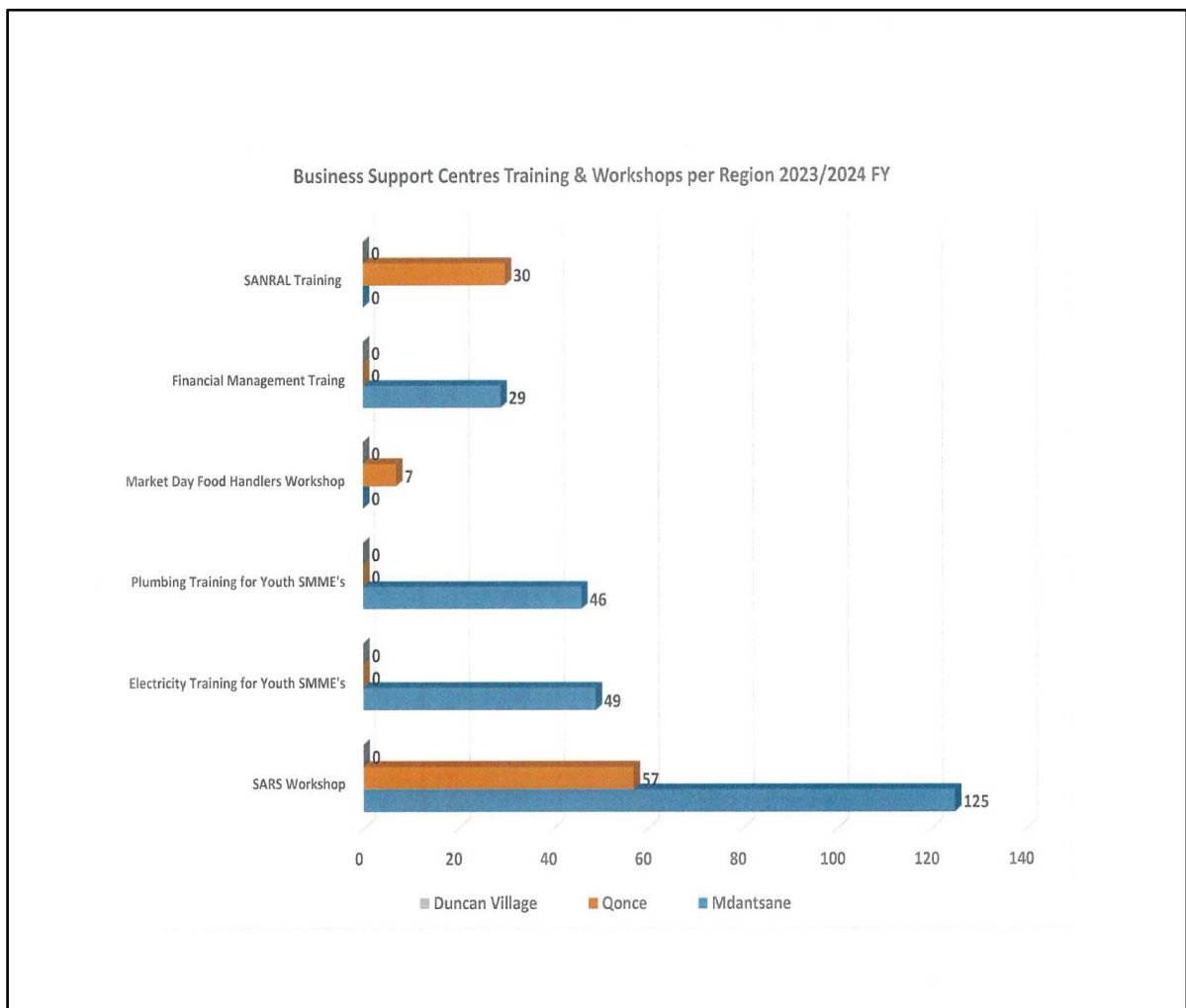
The Buffalo City iHub is currently housing seven companies in different stages of business and spheres within the information communication technology sector. The hub provides co-working space with connectivity, business development support, coaching, mentorship, and business advice to its incubates.

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:



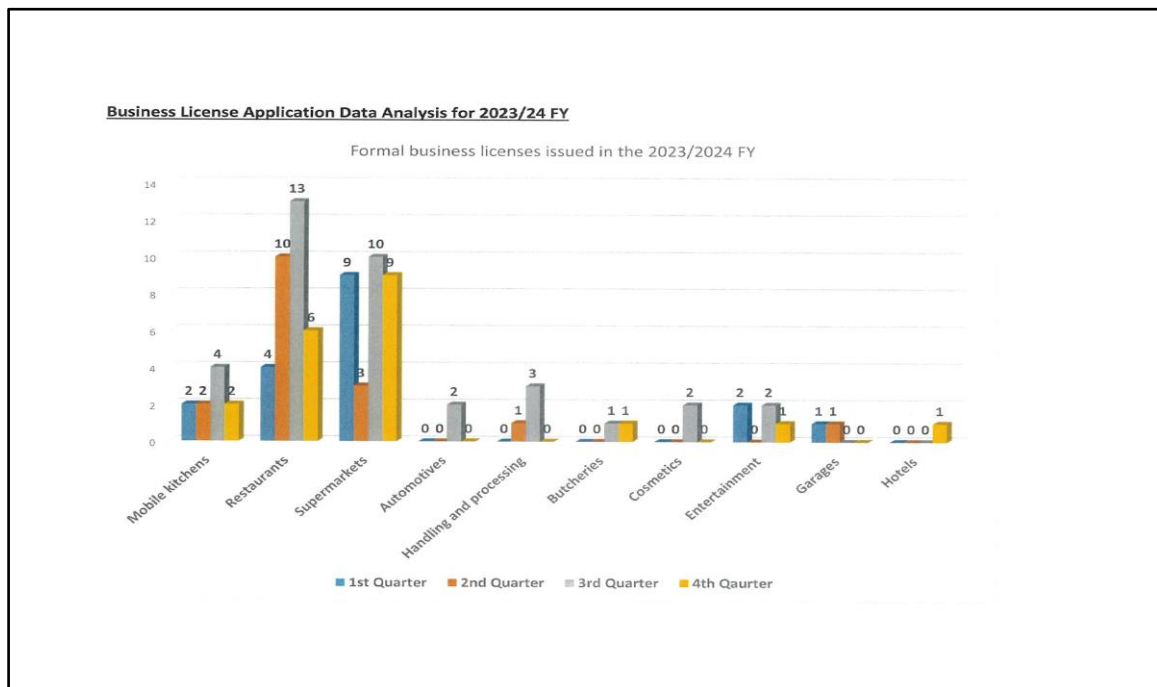
Business License

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:



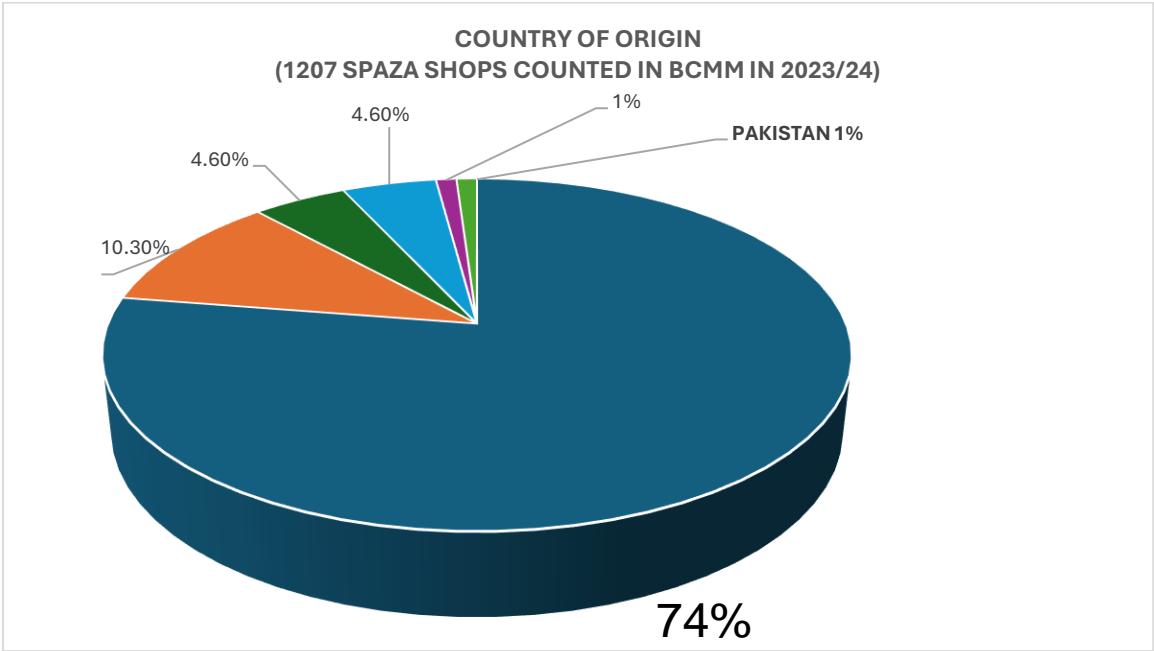
SPAZA SHOPS DATA COLLECTION IN ALL 50 WARDS DURING 2023/24

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.

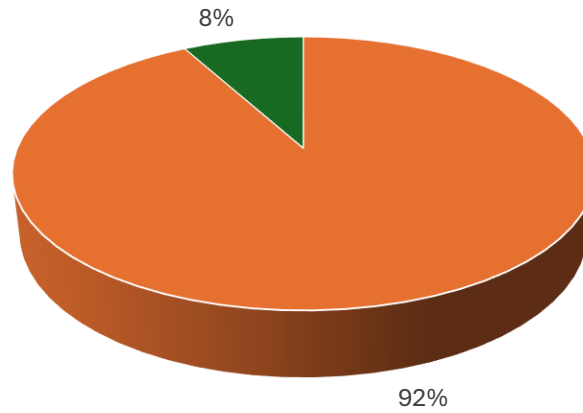
SPAZA SHOP OWNERSHIP IN BUFFALO CITY METRO

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.

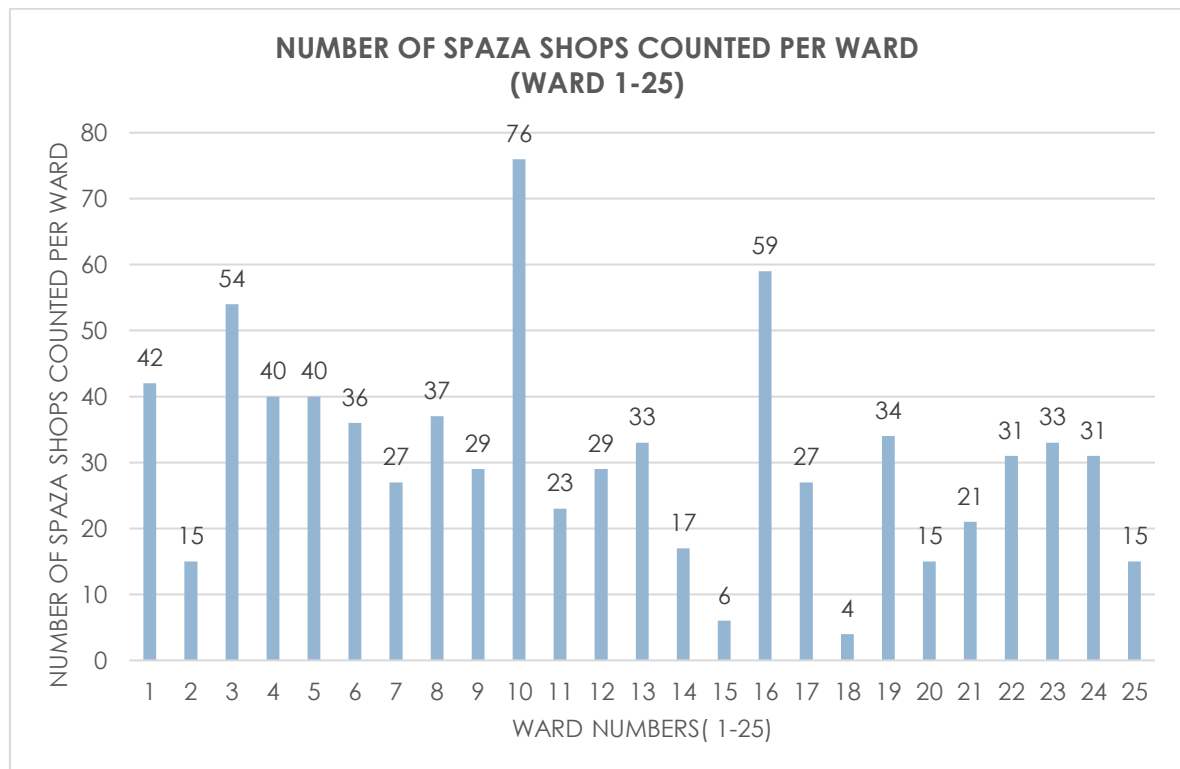


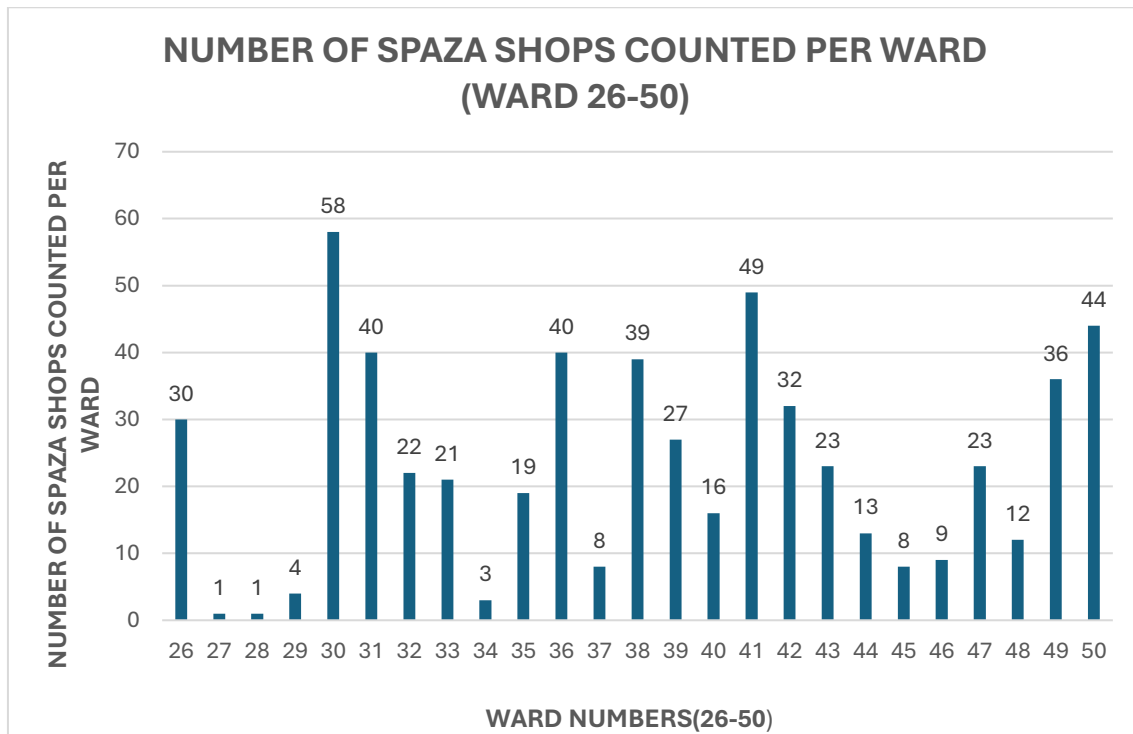
Data collected shows that spaza shop owners are mostly males at 92% ownership followed by the lowest 8% of females. The 8% of the females are South Africans while in the 92% of the males only 3% are South Africans.

GENDER OWNERSHIP OF 1207 SPAZA SHOPS IN BCMM DURING 2023/24



SPAZA SHOP FOOTPRINT ACROSS THE METRO





COMPLIANCE ISSUES RELATING TO SPAZA SHOPS IN BCMM

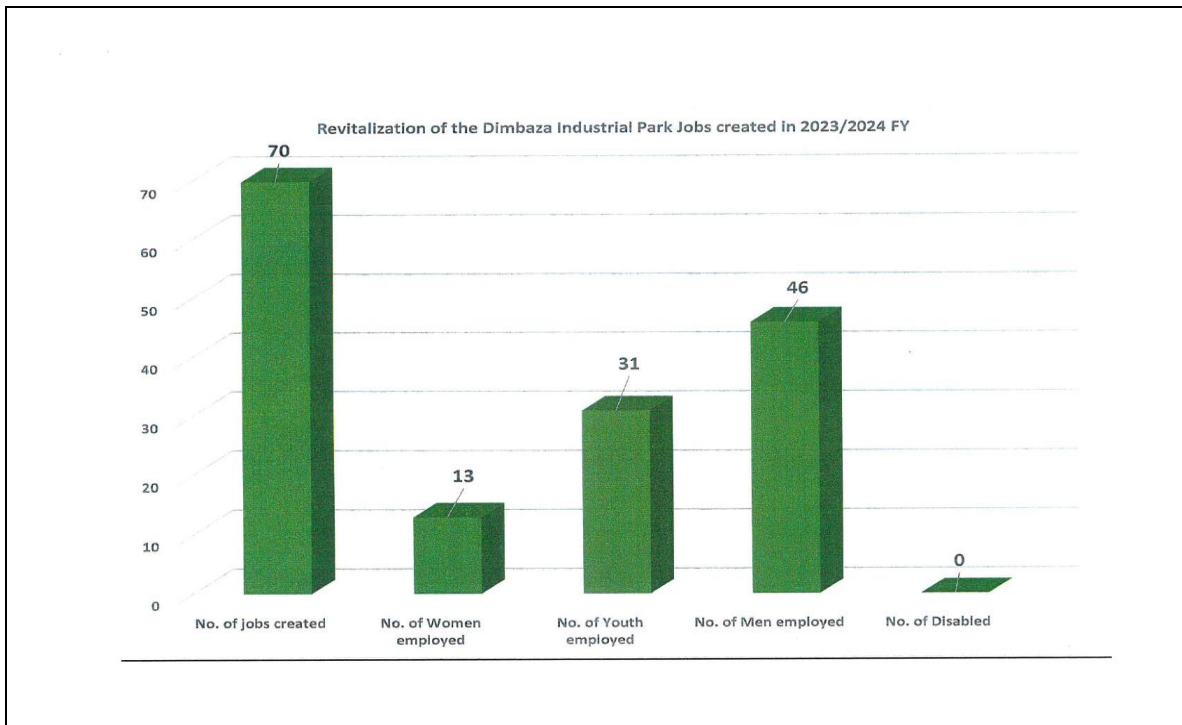
The reports also indicate that most of the spaza shops are not in possession of valid certificate of food acceptability. Only 14% of the spaza shops counted were in possession of certificate of food acceptability while 86% do not have.



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

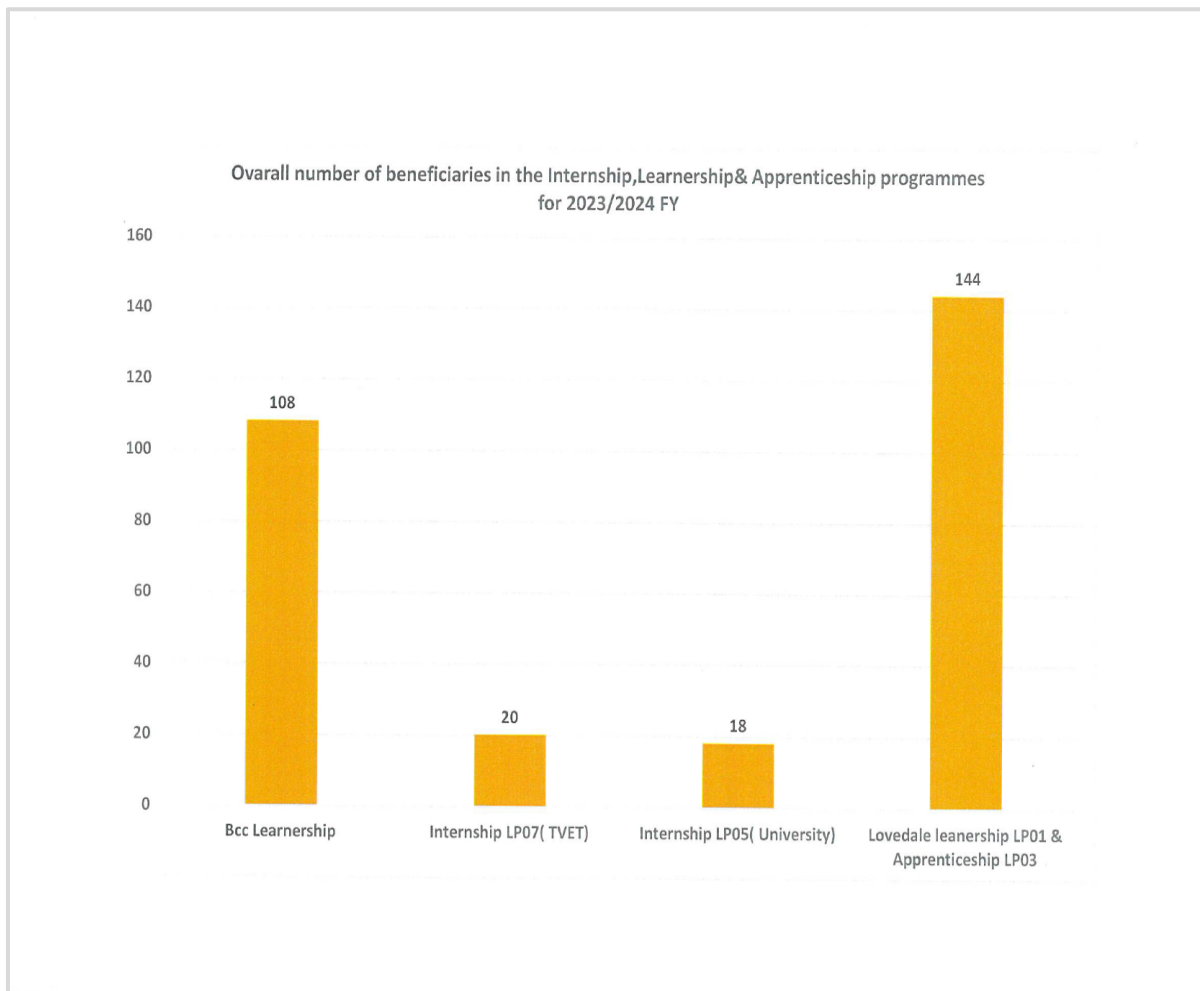
The exporter development programme focuses on training provision to companies in order to make them ready for exporting. The training is being done in collaboration with the Eastern Cape Development Corporation and the Nelson Mandela Bay Business Chamber. The Exporter Development Program is aimed at 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 No. | 2022/2023 No. | 2023/2024 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 No. | Jobs lost/displaced by other initiatives No. | Net total jobs created in year No. | Method of validating jobs created/lost |
| 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 |
| <i>T 3.11.5</i> | | | | |

Jobs created through EPWP projected

| Job creation through EPWP* projects | | |
|-------------------------------------|---------------|------------------------------------|
| | EPWP Projects | Jobs created through EPWP projects |
| Details | No. | No. |
| 2021/2022 | 22 | 4325 |
| 2022/2023 | 28 | 6250 |
| 2023/2024 | 27 | 3927 |
| | | <i>T 3.11.6</i> |

T3. 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 | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| Service Indicators | | | | | | | | | |
| (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 | | |
| <i>Number of infrastructure projects for informal traders implemented</i> | Informal Trader (Hawker Stalls) | 3 (Duncan Village, Ndevana, Iliitha Hawker Stalls) | 3 (Duncan Village, Ndevana and Iliitha Hawker Stalls) | 2 Ward 9, Mzamomhle and Fort Jackson | NU 16 Hawkerr Stalls, Ward 6, Duncan Village and Ward 13 Reeston | 0 | NU 16 Hawkerr Stalls, Ward 6, Fort Jackson, Ward 1 and Ward 13 | | |

| | | | | | | | | | |
|--|---|---|--|---|---|--|---|--|--|
| <i>Number of Arts, Culture and Heritage projects implemented</i> | 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/Project s (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 promote Buffalo City as a tourist destination of choice | Tourism Projects/ Programmes | 13 Quarterly destination marketing programme x4, Quarterly Tourism events programme4x , Quarterly Tourism SMME Support Programmex1 , Quarterly Tourism Awareness programmex4 | 13 Quarterly destination marketing programme x4 , Quarterly Tourism events programme4x , Quarterly Tourism SMME Support Programmex1 , Quarterly Tourism Awareness programmex4 | 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) | 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 x Quarterly destination marketing 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 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 3.11.7

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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T 3.11.8</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.11.9 | | | | | |

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 |
| 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 for 2023/24 is the Food Gardens Public Employment Programme (PEP) funded through the Neighbourhood Development Partnership Grant (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 Gomo 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 Gomo 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% |
| <i>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</i> | | | | | |

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 |
| REFURBISHMENT OF AQUARIUM | 600 | 582 | 462 | 0% | 857 |
| PLANT - AQUARIUM | 100 | 97 | 91 | 0% | 399 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | <i>T 3.12.6</i> |

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:

- Development, Upgrade & Refurbishment of Libraries – 7 libraries were upgraded & refurbished in 2023/2024. Several libraries were fenced.
- Computers supplied by DSRAC were installed at some libraries for public usage.

Proposed projects and targets for the 2024/2025 financial year.

- 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
- A space has been set aside in Central Library for use by the UNESCO City of Literature Board.
- 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 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.

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. CEMETORIES AND CREAMARIUMS.

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 |
|---|----------------------|------|
| 1 | Number of Burials | 2560 |
| 2 | Number of Cremations | 1059 |
| 3 | 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: Cemeteries 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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T 3.13.4</i></p> | | | | | |

Financial Performance: Cemeteries & crematoriums

| Financial Performance 2023/24: Cemeteries 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 Inkubeko 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-govern-mental 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 incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role. | | | | | | | | | T 3.14.3 |

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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T 3.14.4</i></p> | | | | | |

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 health standards and monitoring thereof. – bylaws etc

The metro does not implement any capital projects specifically for Child Care, Aged Care or Social Programmes as these are the legislative competence and mandate of National

and Provincial Departments as per Schedule 4 of the Constitution of the Republic of South Africa: 1996. In terms of 27 (1) (c) of the Constitution, the Department of Social Development is mandated and funded to provide appropriate social assistance and social programmes for the aged and children where they are unable support themselves. The Department 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 new air quality monitoring facility was established and commissioned in September 2023.
- Power supply was connected to the new station in September 2023.
- 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 2024.

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 | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| Service Indicators | | | | | | | | | |
| (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 (AELS) processed within guideline timeframes | 100% (applications) | 100% applications completed | 100% applications | 100% applications | 100% applications completed | 100% applications | 100% applications | 100% applications |
| 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 3.15.3 | | | | | | | | | |

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% |
| <i>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</i> | | | | | |

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 | R 1 000 000 | R 2 000 000 | R 2 000 000 |
| R831 717.00 (Roll- Over) | R 247 000.00 (Roll- Over) | | |

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 < | | | | | | | | | |

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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T 3.16.4</i></p> | | | | | |

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% |
| <p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;"><i>T 3.16.5</i></p> | | | | | |

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 |
| REVITALISATION 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 |
| 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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| | | | | | T 3.16.6 |

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 the following Beach infrastructure refurbishment projects:

- f) Eastern Beach - Restoration of the sewage system and septic tank.
- g) Gonubie Beach - Refurbishment of Tidal Pool Toilets and toilets for persons living with disabilities; fencing of Gonubie lifesavers tower and main ablution facilities.
- h) Nahoon Beach - Refurbishment of boardwalk ablutions facilities.
- i) Leaches Bay - Fencing of the main ablution facilities.
- j) 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:

- 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 <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/2025 | 2025/2026 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service 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 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | | |
| 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% |
| <p><i>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.</i></p> <p><i>T 3.19.4</i></p> | | | | | |

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 hampers 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 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 3.20.3 |

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% |
| <p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget 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.</p> <p>T 3.20.4</p> | | | | | |

Financial Performance: Traffic 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.

| 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 |
| 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 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 includes 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 an 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 | | | | | |

| 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:

| <u>LAW ENFORCEMENT SERVICES DATA</u> | | |
|---|--------------------------------------|------------------|
| | <u>DETAILS</u> | 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 |
| 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

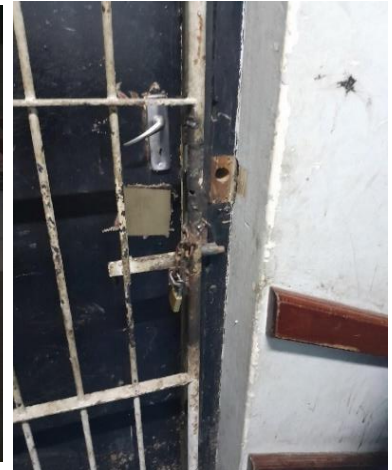
On the 26th of March 2024 the Buffalo City Metro Law Enforcement, together with the South African Police Service, BCM Traffic Services, and Department of Home Affairs and Immigration conducted a joint operation at “California” a known criminal and illegal substance hotspot, in St Paul’s Road, North End, 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 |
| | | | | | <i>T 3.21.2</i> |

Fire Services Policy Objectives taken from the IDP.

| Fire Service Policy Objectives Taken From IDP 2023/2024 | | | | | | | | | |
|--|---|------------------------------------|--------|----------------------------------|----------------------------------|--------|------------------------------------|----------------------------------|-----------------------------------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | 2022/2023 | | 2023/2024 | | | 2024/25 | 2025/2026 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | | *Previous Year (v) | *Current Year (vi) | | *Current Year (viii) | *Current Year (ix) | *Following Year (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 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 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.</i></p> | | | | | | | | | |

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% |
| <p><i>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.</i></p> <p><i>T 3.21.4</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.21.5 | | | | | |

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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.21.6 |

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 | A multisectoral community, education, training, and awareness campaigns plan was developed, and implemented. |

| | |
|--|---|
| Awareness Campaigns by June 2024. | |
| 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 review 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. | <ul style="list-style-type: none">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. | <ul style="list-style-type: none">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. | | |
| 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. | <ul style="list-style-type: none">All 3 regions of the Metro were severely affected, with infrastructure such as roads, formal and informal houses being the most affected. | No injuries or deaths reported. | <ul style="list-style-type: none">Multi-sectoral damage assessments were conducted, and social distress relief was provided. |

| | | | | | | |
|--|-------------------------------------|--|---|---|---------------------------------|--|
| | | | | <ul style="list-style-type: none"> Damage assessments conducted indicated that a total of 34 houses were affected, with 19 sustaining severe damages and 15 minor damages. | | <ul style="list-style-type: none"> 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 | |
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| 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. | | |

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 Employees | 2023/2024 | | | |
| | | 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% |
| <i>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.</i> | | | | | |
| <i>T 3.22.4</i> | | | | | |
| 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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.22.5 | | | | | |

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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| T 3.22.6 | | | | | |

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.

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

| 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 Mkhawane Email: LungaMn@buffalocity.gov.za All Procedural Enquiries: Rutanidz@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: | |
| <ul style="list-style-type: none">• Poor Track Record of the preferred bidder• Unrealistic Price offering which is not market related• Unrealistic own conditions set by the bidder | |

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% |
| <p><i>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.</i></p> <p style="text-align: right;"><i>T 3.23.3</i></p> | | | | | |

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% |
| <p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;"><i>T 3.23.4</i></p> | | | | | |

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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | T 3.23.5 |

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 have 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. 69.2.

Executive Council Policy Objectives taken from the IDP.

| Service Objectives | Outline Targets | Service | 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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T 3.24.4</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.24.5 | | | | | |

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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | |
| T 3.24.6 | | | | | |

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 value 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% |
| <i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i> | | | | | | | <i>T 3.25.2</i> |

Concerning T 3.25.2

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 <i>Service Indicators</i> (i) | Outline Service Targets (ii) | 2022/23 | | 2023/2024 | | | | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | 2024/2025 (viii) | 2025/2026 (ix) | 2026/2027 (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% |
| 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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T 3.25.4</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.25.5 | | | | | |

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% | |
| 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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3,25.6 |

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% |
| <p><i>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.</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.26.5 | | | | | |

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 BCM | 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.

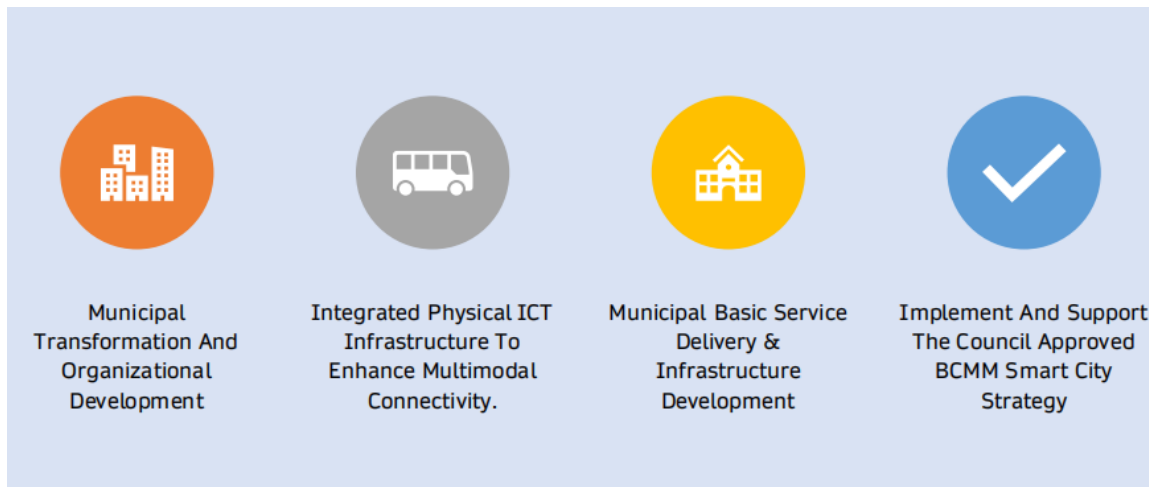
The Municipality is currently undertaking the Review/Appeal process, which is being facilitated by an external service provider. The proposed Macro structure has been developed and is pending the consideration of the City Manager, Mayoral Committee, and Council. The review of the Microstructure is planned 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 EPMD 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 6931 incidents, which related to challenges with:

- a) Network
- b) Desktops/Laptops
- c) Electronic mail
- d) Applications
- e) Storage
- f) Security
- g) Printers
- h) Smart Tabs

T3. 27.2.

ICT Services Policy Objectives taken from the IDP.

| ICT Services Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|
| Service Objectives < | | | | | | | | | |

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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T3.27.4</i></p> | | | | | |

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% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | |
| T 3.27.5 | | | | | |

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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| T 3.27.6 | | | | | |

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

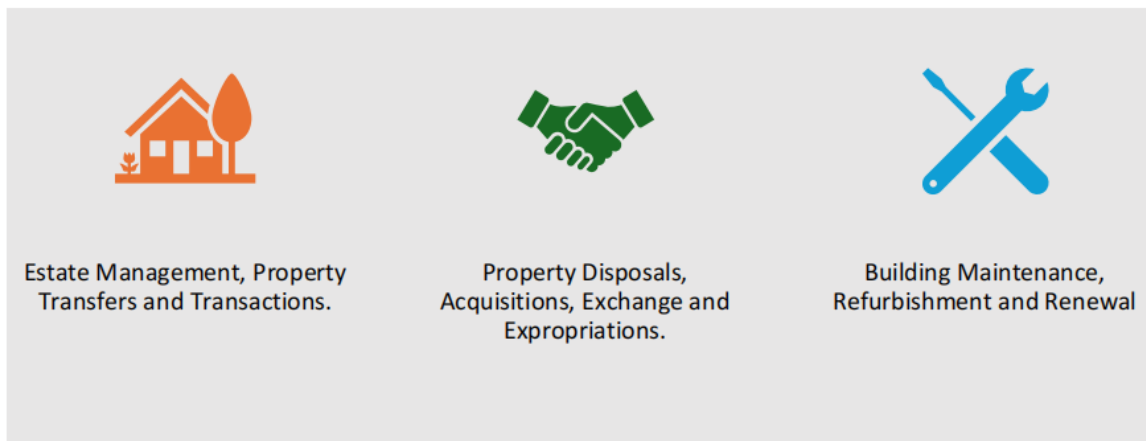
T3. 27.7.

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 erf 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 entrepreneurship
- ✚ 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:

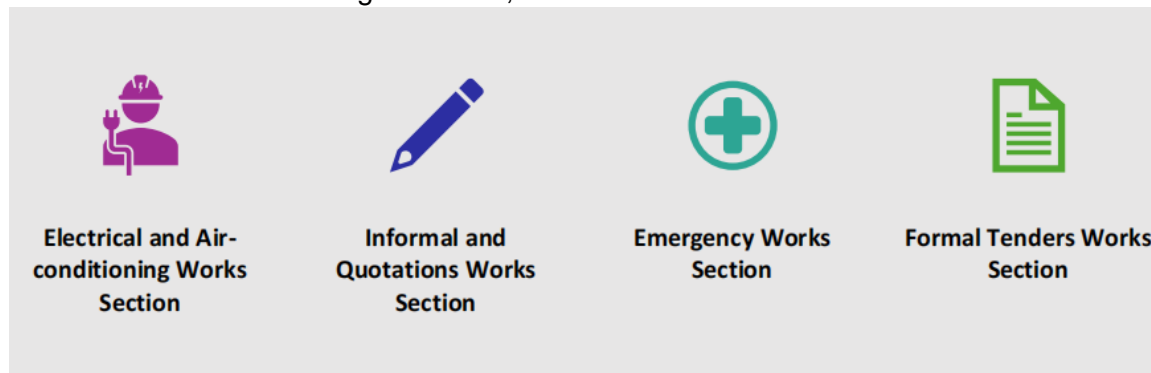
- ✚ To ensure that building and assets are adequately maintained.
- ✚ To ensure that the risks to BCM in this regard are effectively managed.
- ✚ To ensure that the health, safety and security objectives are met.
- ✚ To ensure that BCM has the necessary information for monitoring the maintenance,

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% |
| <p><i>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.</i></p> <p style="text-align: center;"><i>T 3.28.4</i></p> | | | | | |

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 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.28.6 |

Overall comment on Property, Legal, Risk Management and Procurement Services.

| IDP / CAPITAL PROJECTS | BUDGET | COMMENTS |
|---|-----------|--|
| LAND ACQUISITION | 8 000 000 | <p>Erf 93 Mdantsane Unit 4 and Portion 3 Farm 270 East London have been acquired.</p> <p>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 4101 East London and a portion of erf 3890 at Cambridge East London prior to him agreeing to the conclusion of this transaction.</p> |
| 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 | <p>The is no expenditure due to delay in the award of annual contracts.</p> <p>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.</p> |

| | | |
|--------------------------------------|-----------|---|
| 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 PERFORMANCE SCORECARD











This component includes Annual Performance Scorecard Report for the current year.



|  | | | | | | | | | | | | | |
|---|---------------------------------------|---|---|--|---|--|--------------------------------|---|--|---|--|---|--|
| 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/ IPC 18 | 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 |
| KFA 5 | IPC 60 | 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 | IPC 8 | Number of interventions supported to retain existing investors and promote attraction of new investment into Buffalo City | Invest Buffalo City, Dimbaza Industrial 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) | Quarterly 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 | IPC 3 | 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) | Quarterly reports | N/A | N/A |  | Directorate: Economic Development and Agencies |
| KFA 7 | IPC 6 | 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. | Quarterly 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 | IPC 30 | 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 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 | 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 |









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|--------|-----------|---|---|---|---|---|--|--|--|--|--|---|---|
| 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 x4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x2) | 11 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x4; quarterly Tourism SMME Support programme x1; Quarterly Tourism Awareness Programme x2) | 11 (Quarterly Destination Marketing programme x4; Quarterly Tourism Events programme x4; 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 Quarterly Trade missions; Export Symposium & Exhibition; Export Preparations and Regulations Training; 4 Quarterly Emerging Exporter Training; Exporter Development Programme; 3 Quarterly Trade Seminars; | 4 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/projects | 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) Food Security, (1) Hydroponics programme, (2) Fencing of Arable Land, (3) Fencing of Poultry structure, (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 |













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|--------|--------------|--|--------------------------------|--|---|---|--|--|--|---|--|---|--|
| 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 official 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 Swimming Pool. | 4 (Joan Harrison Swimming Pool, Orient Pool, Zwelitsha pool and Mdantsane NU 2 swimming pool) | 3 (Fencing of front Joan Harrison Swimming Pool completed. Installation of pumps and motors at Joan Harrison Pool. Refurbishment of ablutions and refurbishment of shading area and chemical room roof at Orient Swimming Pool. Supply and delivery of Wendy House at Zwelitsha Swimming Pool.I23:L26K71I22: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 coastline 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 Protection 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 priority 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 priority 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, Zwelitsha & 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 recyclables 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 recyclables 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 |











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|---------------------------------------|-------------|--|--|--|------------------|--|--|---|---|--|---|---|--|
| 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 certificates | 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 |















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|---|-------------|---|--|---|---|---|--|--|---|--|---|---|---|
| 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 |









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|-----------------|--------------|---|---|---|---|--|---|---|---|---|--|--|---|---|
| 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 EPMD 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 EPMD 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 Priority 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/ST C 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 4101East 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 |








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|---|----------|---|--|--|------|--|--|---|--|--|--|---|---|
| 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 4 th 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 outstanding suspensions that are longer 3 months | Q1 = 20 Q2 = 20 Q3= 10 Q4 = 0 | 100% | Q1 = 20 Q3= 10 Q2 = 20 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 |

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|--------|----------|--|-------------------------------------|--|------|---|---|---|--|--|--|---|---|
| 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% Q3=42% Q2=15% 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) | 11 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 |

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|--------|----------|--|---|---|------|---|-----------------------|-----------------------|---|---|--|---|-------------------------------|
| 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% 94% 95% Q2 = Q3 = 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% = 87,25% Q2 81,8% Q3 = Q4 = 151% | 100% | Q1 = 61,85% Q3 = 81,8% Q2 = 87,25% 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 |

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|--------|--------|--|--|-------------------------------|------|-------------------------------|----------|-------------------------------|--|--|---|---|-------------------------------|
| 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 projects in 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 impairment | 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 ensure 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-occur 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-occur 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. A full 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 | 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 Performance 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 | | | | | | | | | | | |

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. MPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees

| Employees | | | | | |
|---|----------------|----------------|----------------|-----------|-------------|
| Description | Year - 2022/23 | Year 2023/2024 | | | |
| | Employees | Approved Posts | Employees | Vacancies | Vacancies |
| | No. | No. | No. | No. | % |
| Water | 291.00 | 312.00 | 281.00 | 31.00 | % |
| Waste Water (Sanitation) | 331.00 | 350.00 | 318.00 | 32.00 | % |
| Electricity | 205.00 | 222.00 | 205.00 | 17.00 | % |
| Waste Management | 668.00 | 700.00 | 636.00 | 64.00 | % |
| Housing | 64.00 | 65.00 | 61.00 | 4.00 | % |
| Waste Water (Stormwater Drainage) added to Roads | 0.00 | 0.00 | 0.00 | 0.00 | % |
| Roads | 280.00 | 292.00 | 265.00 | 27.00 | % |
| Transport | 36.00 | 42.00 | 34.00 | 8.00 | % |
| Planning | 124.00 | 135.00 | 122.00 | 13.00 | % |
| Local Economic Development | 74.00 | 75.00 | 73.00 | 2.00 | % |
| Planning (Strategic & Regulatory) | 179.00 | 213.00 | 155.00 | 58.00 | % |
| Local Economic Development duplicate | 0.00 | 0.00 | 0.00 | 0.00 | % |
| Community & Social Services | 212.00 | 224.00 | 202.00 | 22.00 | % |
| Environmental Protection | 414.00 | 545.00 | 494.00 | 51.00 | % |
| Health | 60.00 | 67.00 | 64.00 | 3.00 | % |
| Security and Safety | 668.00 | 704.00 | 661.00 | 43.00 | % |
| Sport and Recreation | 346.00 | 368.00 | 338.00 | 30.00 | % |
| Corporate Policy Offices and Other added with Planning (Strategic & Regulatory) | 0.00 | 0.00 | 0.00 | 0.00 | % |
| Totals | 3952.00 | 4314.00 | 4040.00 | 0 | 0.00 |
| 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. | | | | | |

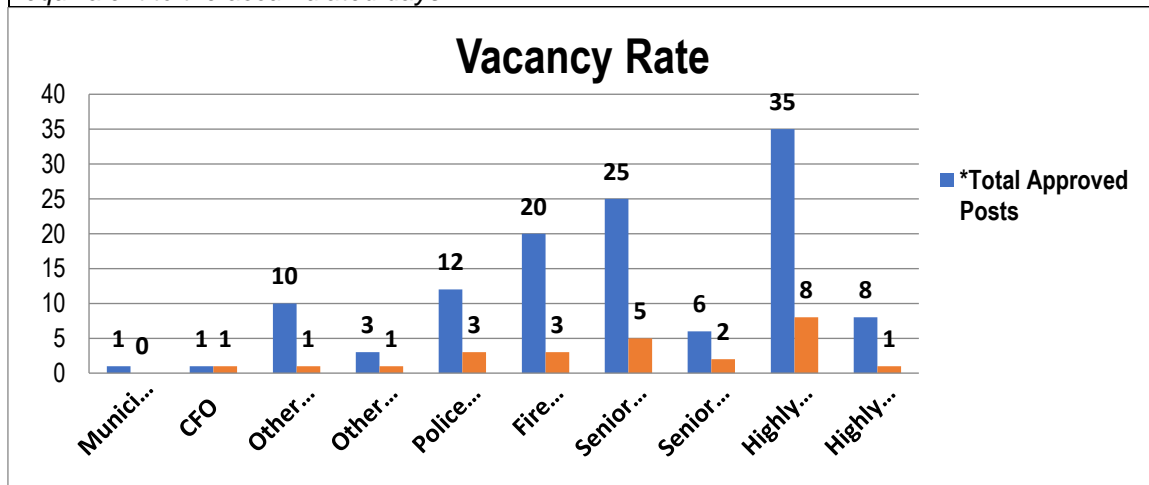
T 4.1.1

Vacancy rate

| Vacancy Rate: 2023/2024 | | | |
|---|------------------------------|--|---|
| Designations | *Total Approved Posts No. | *Vacancies (Total time that vacancies exist using fulltime equivalents) No. | *Vacancies (as a proportion of total posts in each category) % |
| Municipal Manager | 1 | 0 | 0.00 |
| CFO | 1 | 1 | 100.00 |
| Other S57 Managers (excluding Finance Posts) | 10 | 1 | 10.00 |
| Other S57 Managers (Finance posts) | 3 | 1 | 33.33 |
| Police officers | 12 | 3 | 25.00 |
| Fire fighters | 20 | 3 | 15.00 |
| Senior management: Levels 13-15 (excluding Finance Posts) | 25 | 5 | 20.00 |
| Senior management: Levels 13-15 (Finance posts) | 6 | 2 | 33.33 |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 35 | 8 | 22.86 |
| Highly skilled supervision: levels 9-12 (Finance posts) | 8 | 1 | 12.50 |
| Total | 121 | 25 | 20.66 |

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 No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 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 | | | |
| 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 | | | |
| 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 | | | |
| 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) |
| 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.

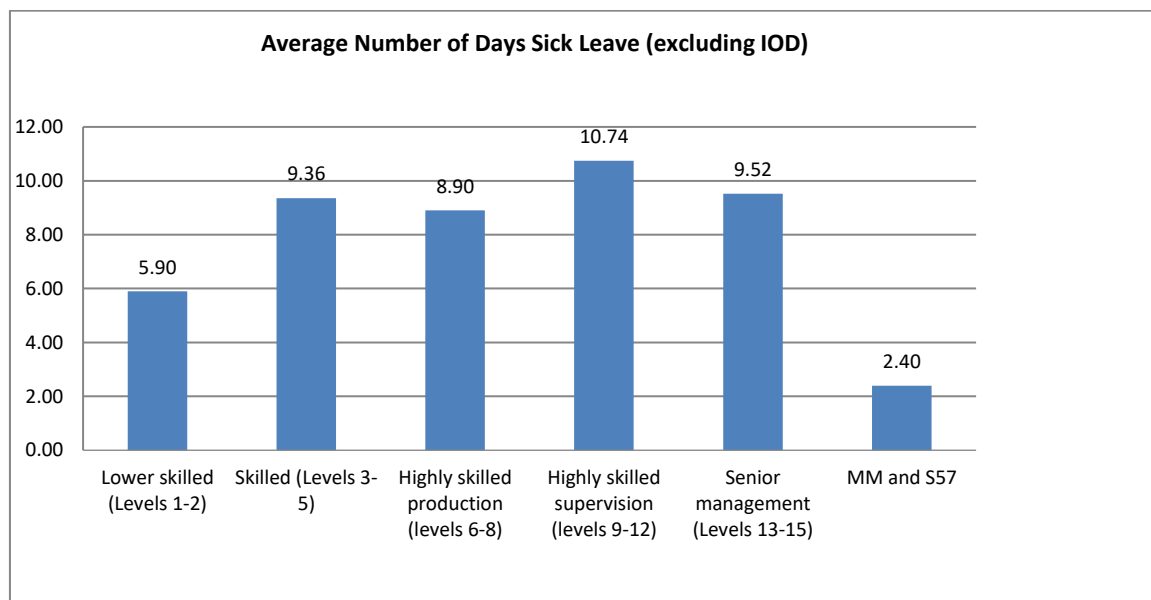
4.3. INJURIES, SICKNESES AND SUSPENSIONS.

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 | 1319 | 8.90 | 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 | 5025 | 9.43 | 49253 |
| * - Number of employees in post at the beginning of the year *Average is calculated by taking sick leave in column 2 divided by total employees in column 5 | | | | | | |
| | | | | | | T 4.3.2 |



T4.3.3.

Comment on injuries and sick leave

BCMM is highly devoted to the wellbeing 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 injured employee receives medical attention.
- Conduct a thorough investigation into the cause of injury
- Schedule follow-up medical appointments.

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 | |
| <i>T 4.3.5</i> | | | | |

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 | | | | | T 4.4.1 |

| | |
|--|--|
| <i>'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).</i> | |
|--|--|

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 2023/2024 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 Artisanry, 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

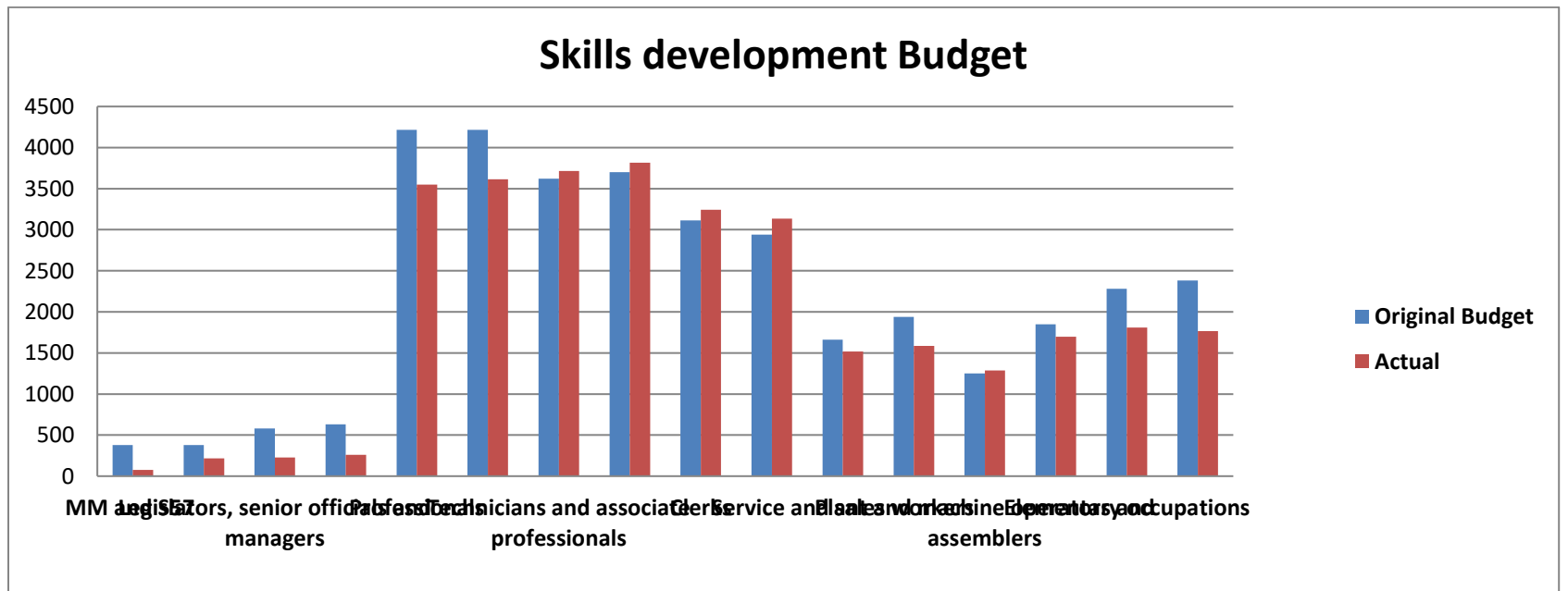
Financial competency development: Progress report

| 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 | | | | | | |
| <i>Accounting officer</i> | 1 | 1 | 2 | 2 | 2 | 2 |
| <i>Chief financial officer</i> | 1 | 1 | 2 | 2 | 2 | 1 |
| <i>Senior managers</i> | 8 | 1 | 9 | 9 | 9 | 7 |
| <i>Any other financial officials</i> | 34 | 0 | 34 | 34 | 0 | 26 |
| Supply Chain Management Officials | | | | | | |
| <i>Heads of supply chain management units</i> | 1 | 0 | 1 | 0 | 0 | 1 |
| <i>Supply chain management senior managers</i> | 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 |
| | 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 | Total staff expenditure for 2023/24 | Savings on staff expenditure for 2023/24 |
| R 2 839 803 200 | R2 805 096 636 | 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:

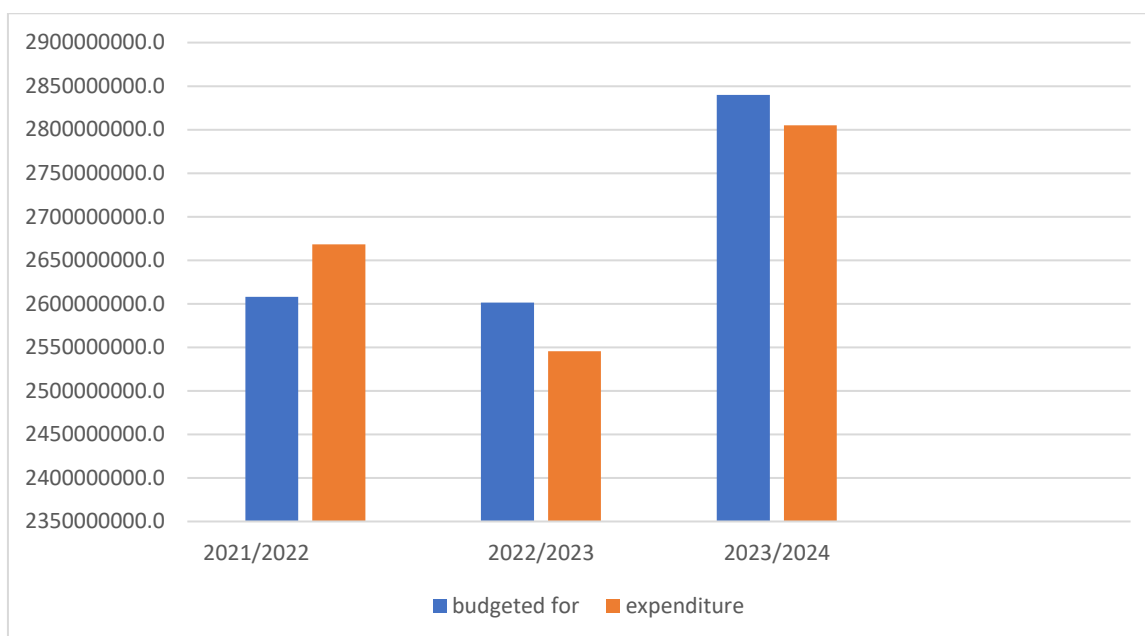
| Financial Year | Budgeted amount | Expenditure | Expenditure Pattern |
|-----------------------|------------------------|--------------------|----------------------------|
| 2021/2022 | R 2,607,847,971 | R 2,601,202,606 | Actuals within budget |
| 2 022/2023 | R 2,668,350,873 | R 2,545,378,724 | Actuals 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 2022/2023 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 |
| <i>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).</i> | | |

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 appointment | 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

5. CHAPTER 5: FINANCIAL PERFORMANCE.

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 PERFORMANCE

Reconciliation of Table A1 Budget Summary

| Description | 2023/2024 | | | | | | | | | | | 2022/2023 | | | |
|--|--------------------|---|--------------------------|--|---|--------------------|--------------------|--------------------------|------------------|-------------------------------------|--|-----------------------------------|---|-------------------------|--------------------------|
| | 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% | – | – | – | 2,283,100 |
| 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, Archives, Museums, Galleries, Community Facilities etc | 224,881 | 166,242 | 164,136 | 223,315 | 25.56% | 26.50% |
| Cemeteries 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 Abattoir Licensing and Inspection | 49,412 | 46,249 | 48,682 | 48,320 | 4.29% | -0.75% |
| | | | | | 4.29% | -0.75% |
| Component F: Health - sub-total | 49,412 | 46,249 | 48,682 | 48,320 | | |
| 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 nonpayment 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

Grants performance.

| 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 Preparation 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 | 24,066 | 100% | 6% |
| Parent Municipality | (1,286) | – | 16,143 | 16,143 | 0% | 0% |
| Salauda/Gavle | 156 | – | 34 | 15 | 100% | -125% |
| Eastern Cape Development Corporation Grant - BCM DA | – | – | – | 4,348 | 0% | 0% |
| LG SETA Grant | – | – | 6,492 | – | – | – |
| LG SETA Grant - BCM DA | 47 | – | – | 47 | 0% | 0% |
| NDPG GRANT | 12,372 | – | – | 2,914 | 0% | 0% |
| PUBLIC EMPLOYMENT PROGRAMME - BCM DA | – | – | – | 599 | – | – |
| Total Operating Transfers and Grants | 1,203,572 | 1,397,328 | 1,392,070 | 1,291,763 | -8% | -8% |
| 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% |
| Neighbourhood Development Partnership Grant | 14,568 | 19,581 | 10,000 | 4,562 | 0% | 0% |
| Buffalo City Metro Transport (BCMETS) 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 manage 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 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 complement 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 | | | |
| | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
| Asset Value | 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 | | | |
| | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
| Asset Value | 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 | | | |
| | 2020/2021 | 2021/2022 | 2022/2023 | 2023/2024 |
| Asset Value | 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 Repairs 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.

A positive variance of 3% can be attributed to proper management of the repairs and maintenance budget.

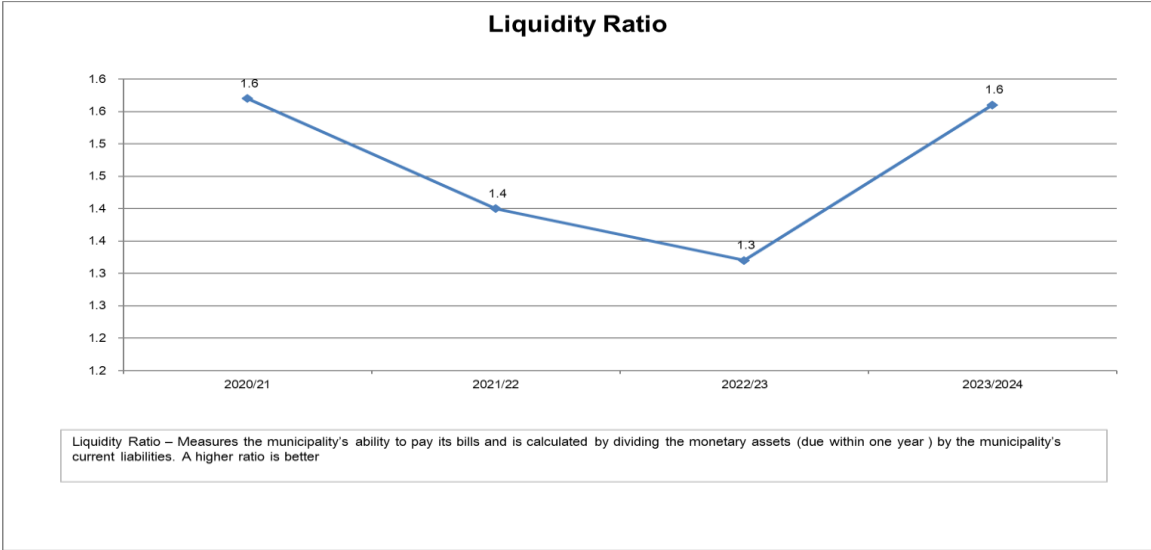
The main challenge in achieving the 8% is the use of the revaluation model to value Property Plant and Equipment. The City's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing assets capital programme.

In the 2023/2024 financial year, the City allocated R0.794 billion in the upgrading and renewal programme that complements the repairs and maintenance.

T5.3.4.1

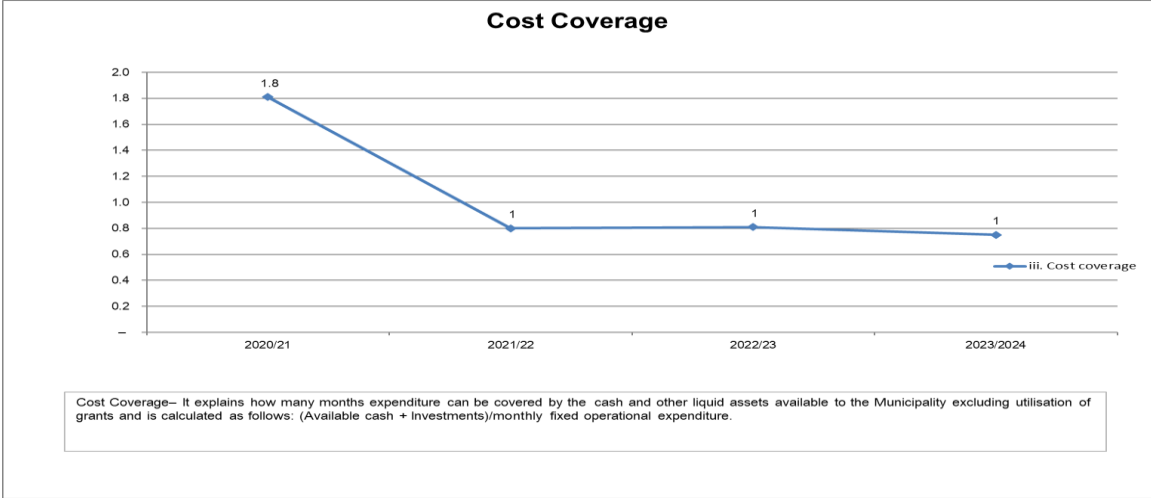
5.4. FINANCIAL RATIOS

Liquidity ratio



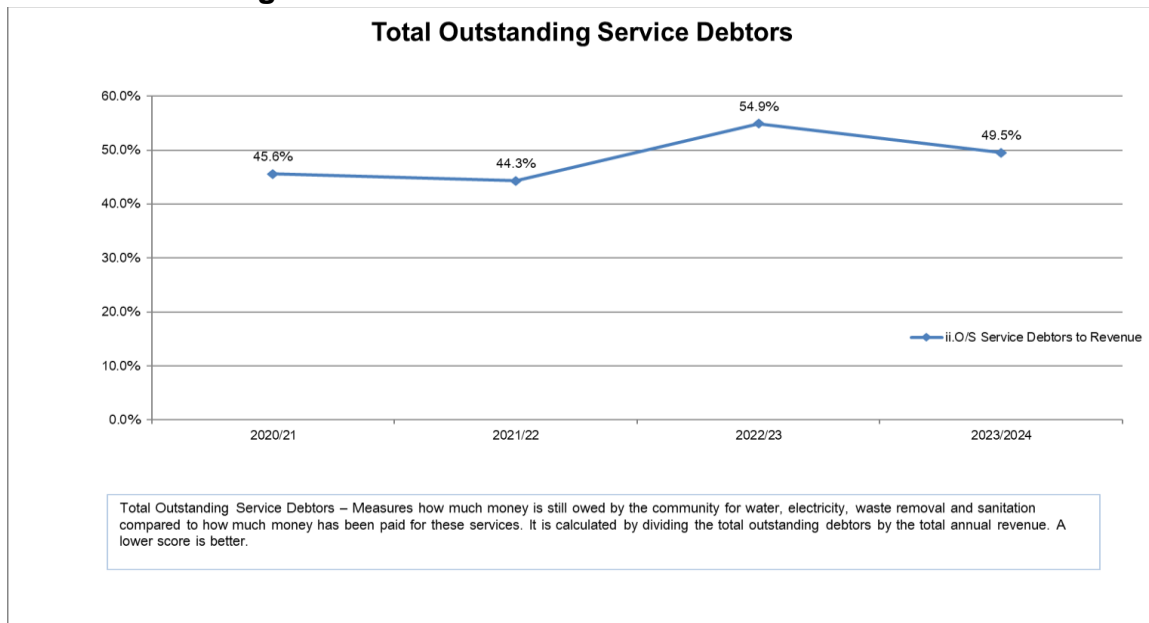
T5.4.1

Cost coverage ratio



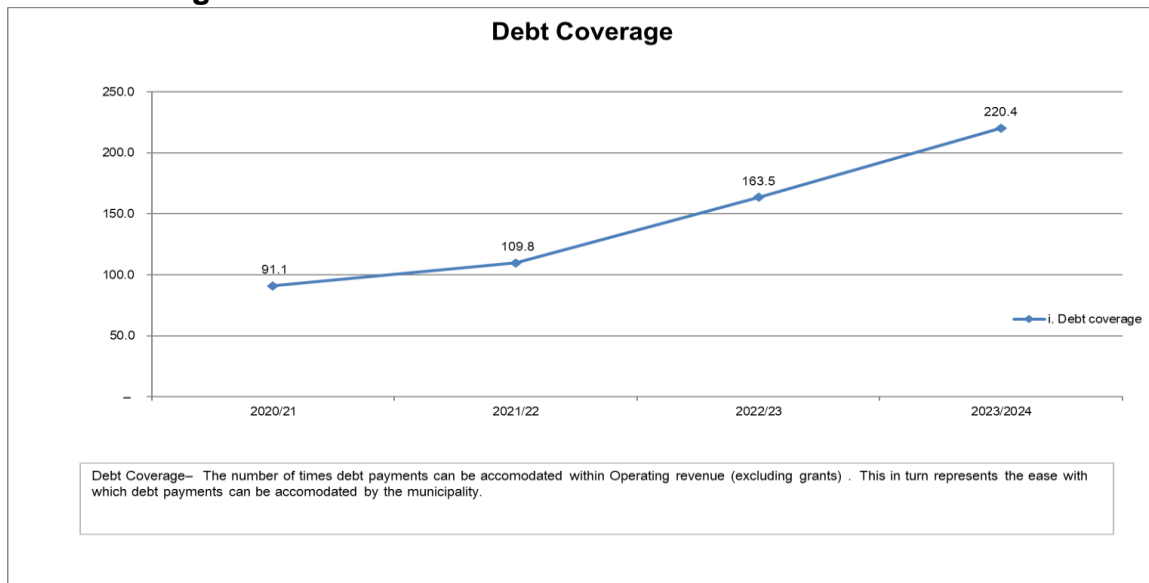
T5.4.2

Total outstanding service debtors.



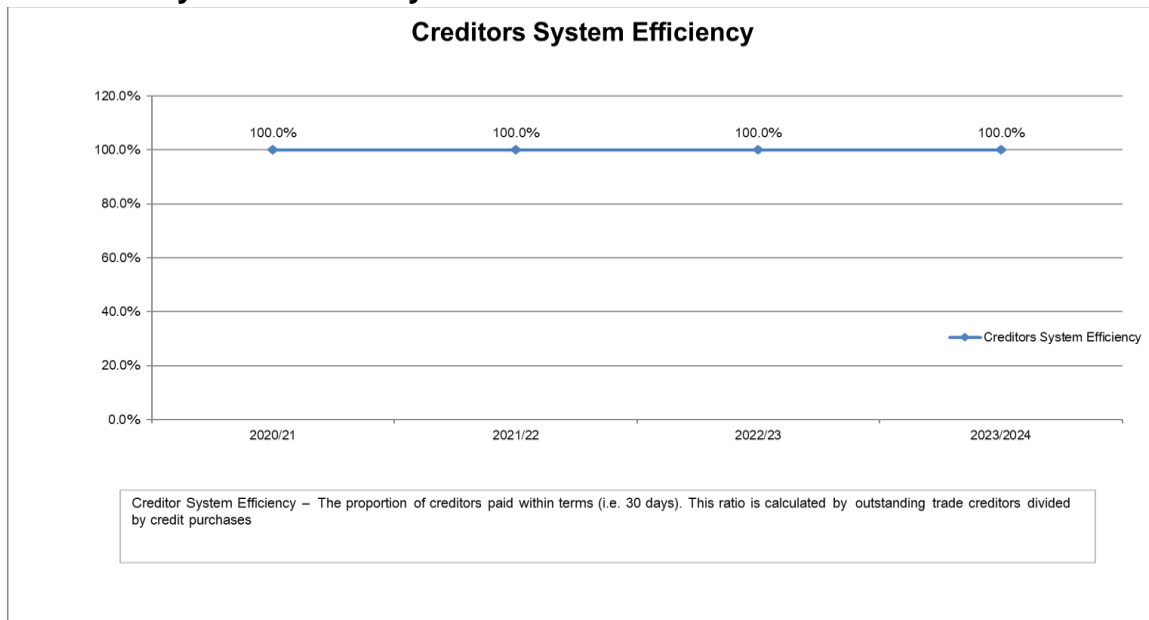
T5.4.3

Debt coverage ratio



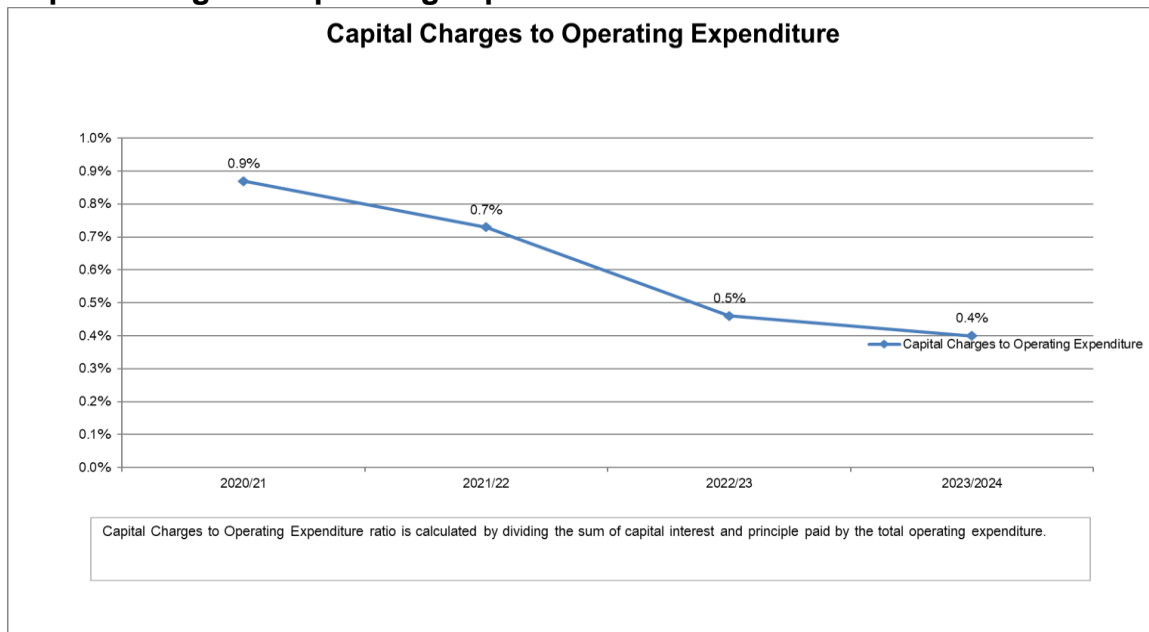
T5.4.4

Creditors system efficiency



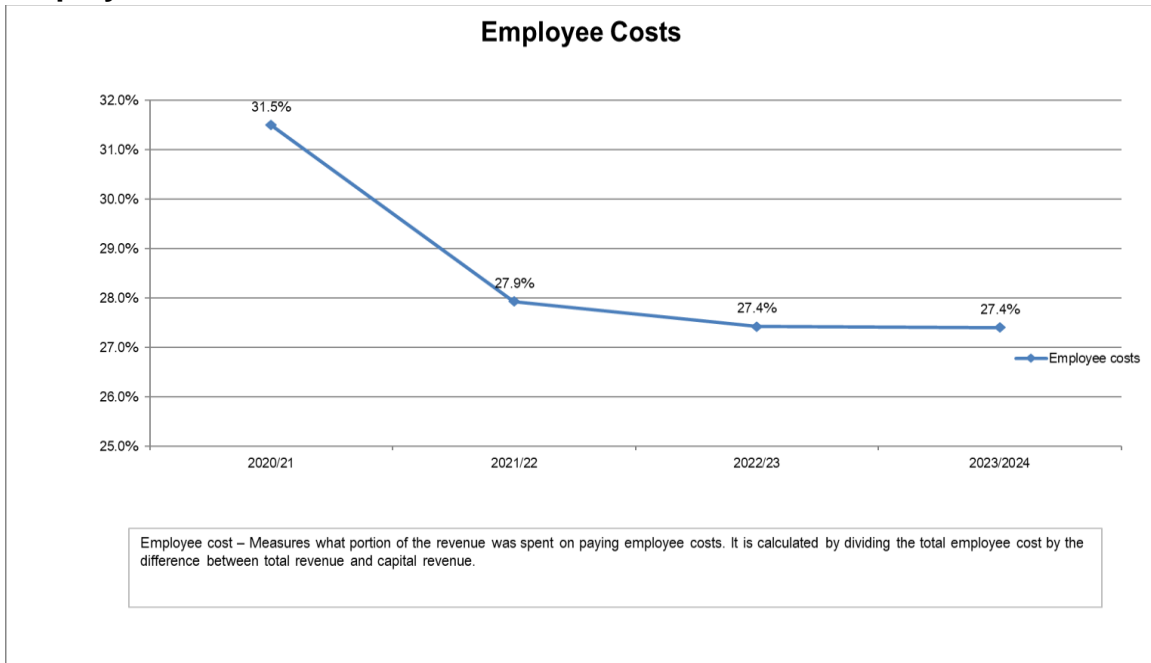
T5.4.5

Capital charges to operating expenditure.



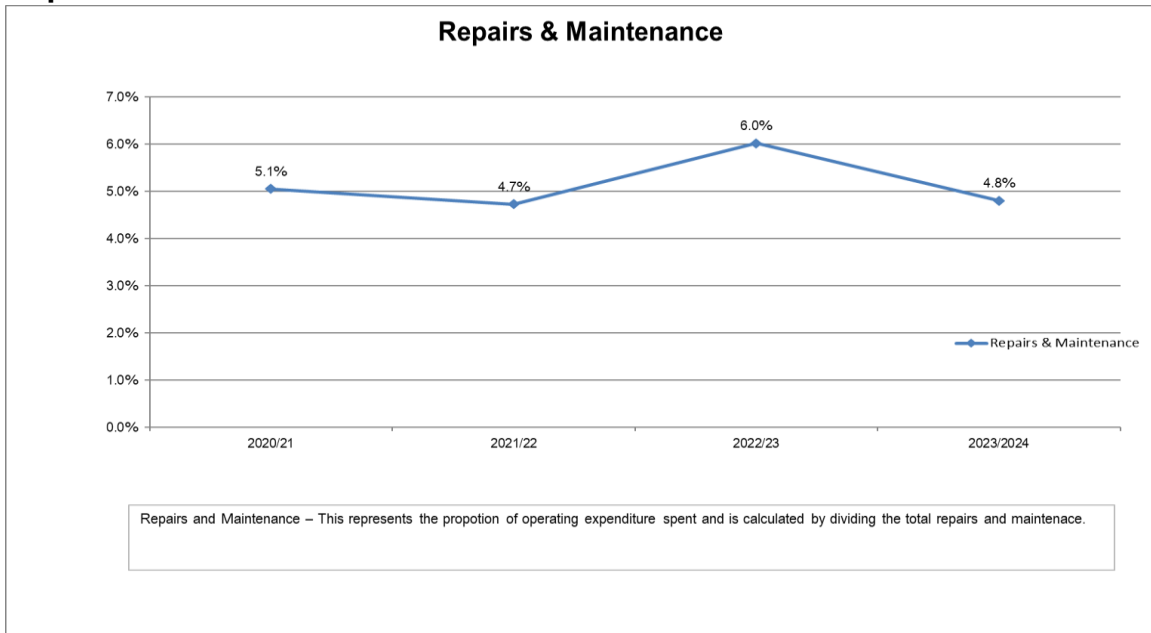
T5.4.6

Employee costs



T5.4.7

Repairs and maintenance



T5.4.8

Comment of 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 weakened liquidity position. The City still is able to pay Current Liabilities with available Current Assets but is investigating Revenue Enhancement Strategies in order to strengthen the Current Asset position.

Cost Coverage: This ratio explains how many months' expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants. This rate is at 0.8 month and is below the National Treasury norm of between 1 - 3 months.

Total Outstanding Service Debtors: The rate of outstanding service debtors is currently at 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.

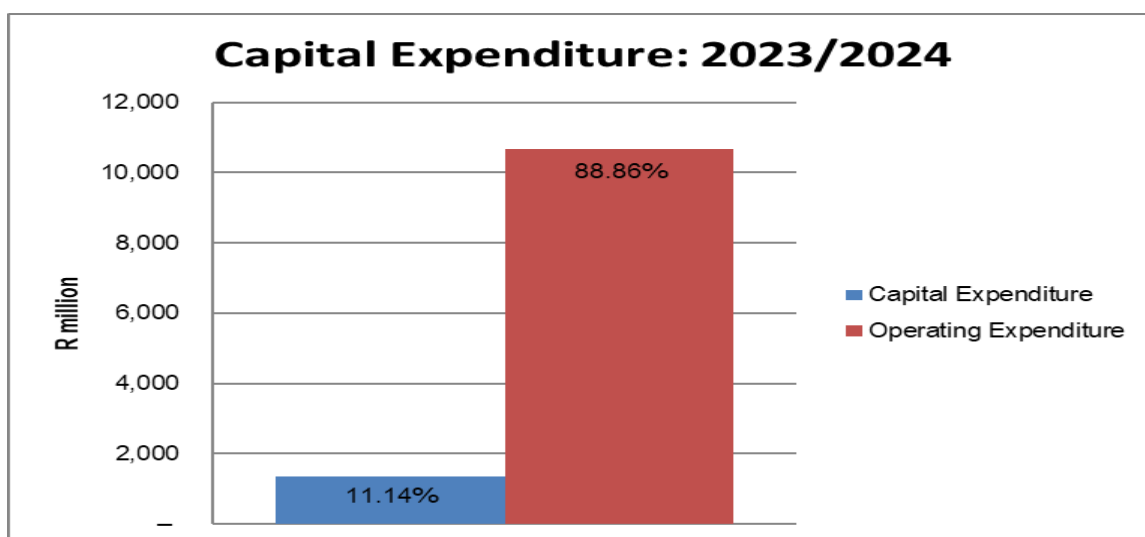
Renewal of existing assets represent 56% (R0.752 billion) of the total capital budget while new assets equate to 44% (R0.433 billion) in the 2023/2024 financial year.

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.

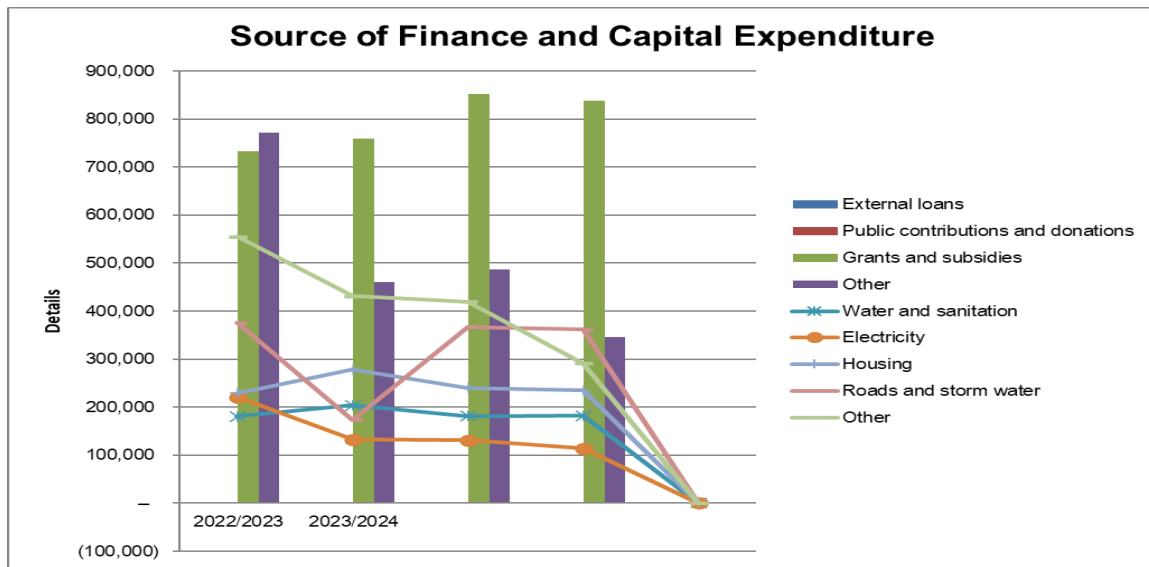
T5.5.0



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 interruption 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 | Adjustments 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

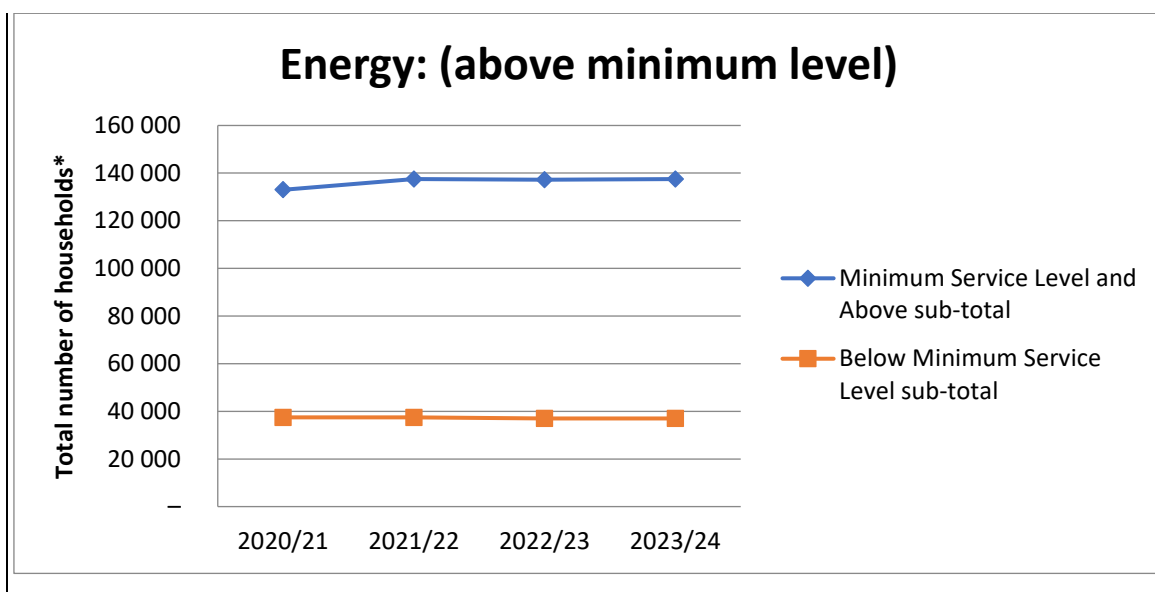
The Directorate has a huge housing backlog, depending on the budget provided by Human Settlements and National Treasury and availability of land, implementation is done accordingly. In 2022/23 financial year the housing backlog was 114 500, the number was up to 115 024 in 2023/2024 financial year.

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 in Scenery Park should increase the number of informal dwellings meeting the electrification criteria, this process will be 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 |
| Dividends | – | | | – |
| 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 | | | | |
| 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 |

Comment on Cashflow 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

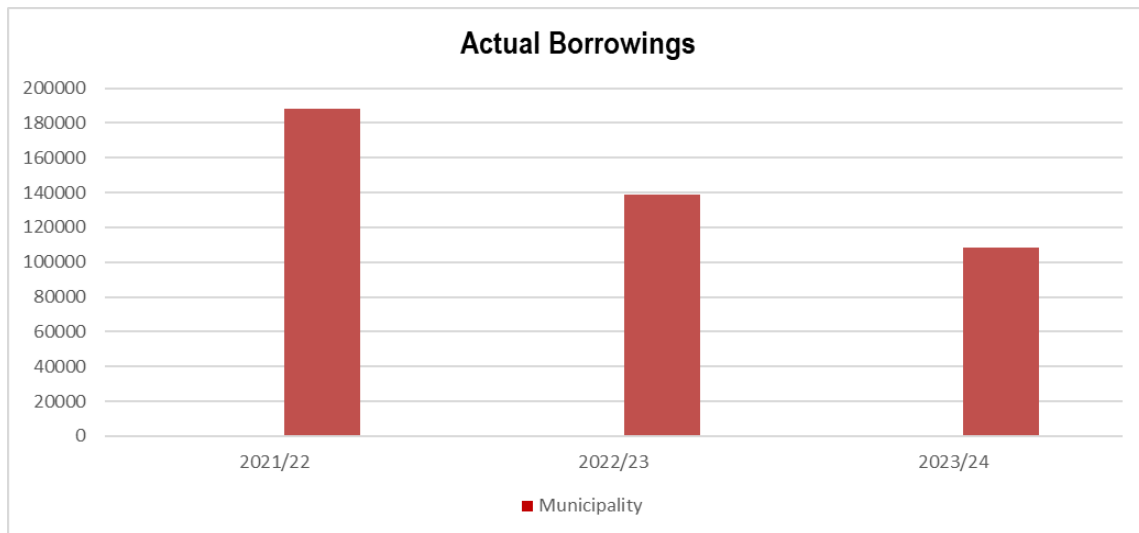
5.10. BORROWING AND INVESTMENTS.

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.

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 |
| | | | T 5.10.2 |
| 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. |



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 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's 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 an qualified audit opinion. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| The performance management system and related controls were inadequate as it did not describe how the performance measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal panning and performance management regulation 7(1). | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| The SDBIP for the year under review did not include the service delivery targets for some quarters, as required by section 1 of the MFMA. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA. An effective system of internal control for assets was not in place, | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the |

| | |
|--|--|
| as required by section 63(2)(c) of the MFMA. | required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| <p>An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 63(2)(e) of the MFMA.</p> <p>An effective system of internal control for revenue was not in place, as required by section 63(2)(f) of the MFMA.</p> | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed, adopted as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| Some of the goods and services with a transaction value of above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| 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. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on |

| | |
|--|--|
| | the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| The preference point system was not applied procurement of goods and services as required. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18 (1) of the CIDB Act. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritize and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| The performance of contractors or providers were not monitored monthly. Similar non-compliance was also reported in the prior year. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| The contract performance and monitoring measures were not in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on |

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|--|--|
| | the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| <p>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.</p> <p>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.</p> | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| There were wastewater treatment plants that did not have valid operating licenses as required by section 22(1)(b) of the National Water Act 36 of 1998. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritise and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |

T6.1.1

| Auditor-General Report on Service Delivery Performance: 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. | MFMA Circular No. 113 - Municipal Finance Management Act No. 56 of 2003 was issued by National Treasury detailing the Web Enabled Audit Action Plan System to be used by municipalities across the country to prioritize and improve audit outcomes in resolving audit findings. All BCMM audit findings are loaded on the National Treasury Portal and an Audit Action Plan has been prepared for each finding detailing the required corrective action to be taken. This is reviewed by Internal Audit on a bi-annual basis. |
| A Spatially transformed city Audit evidence not provided in certain instances and material differences between actual and reported achievements were found. | An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review. |
| A Well governed city Audit evidence not provided in certain instances and material differences between actual and reported achievements were found. | An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review. |
| A Green city Audit evidence not provided in certain instances and material differences between actual and reported achievements were found. | An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review. |

T6.1.2

COMPONENT B: AUDITOR GENERAL'S OPINION ON FINANCIAL STATEMENT FOR FINANCIAL YEAR 2023/2024

6.2. AUDITOR-GENERAL'S REPORT FOR FY 2023/2024

Auditor-General's Report on Financial Performance: FY2023/2024

NB. Please refer to the Auditor-General's Report, attached as T6.2.3, below

T6.2.1

Auditor-General's Report on Service Delivery: FY2023/2024

NB. Please refer to the Auditor-General's Report, attached as T6.2.3, below

T6.2.2

**Auditor-General's Report on the Financial Statements for
2023/2024**

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 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% | <p>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.</p> <p>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.</p> <p>We could not determine whether the potholes reported were completed within the standard municipal response times.</p> |
| Percentage of wastewater treatment capacity unused | 40% | <p>The municipality has 15 wastewater treatment works (WWTWs) in the BCMM area.</p> <p>The WWTWs are located within the 3 different regions namely Coastal, Midland, and Inland.</p> <p>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.</p> <p>The reported achievements on the APR were not complete.</p> |

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

| <i>Targets achieved: 90.91 %.</i> 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

| <i>Targets achieved: 68.75%.</i> 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

| <i>Targets achieved: 41.67%.</i> 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

| <i>Targets achieved: 61.11%.</i> 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'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. | <p>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),</p> <p>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),</p> <p>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),</p> <p>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)</p> |
| 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 | <p>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),</p> <p>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),</p> <p>Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p> |
| 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 | <p>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),</p> <p>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)</p> <p>Parent municipality with ME:</p> <p>Sections: 93B(a), 93B(b)</p> <p>Parent municipality with shared control of ME:</p> <p>Section: 93C(a)(iv), 93C(a)(v)</p> |
| 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: FY2023/2024

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’s 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 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.

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 | Percent age 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) | PR 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% |
| 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 | <ul style="list-style-type: none"> · 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% |
| McDowell, J.S. | PT | <ul style="list-style-type: none"> · Public Safety and Emergency Services · Strategic Development | Ward 18 DA | 90.91% | 9.09% |
| Mcwabeni, N. | PT | <ul style="list-style-type: none"> · 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 | <ul style="list-style-type: none"> · 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% |
| 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% |
| 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% |
| <i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i> | | | | | <i>T A</i> |

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES.

| COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES | |
|--|--------------------|
| Municipal Committees | Purpose of Committ |

| | |
|---|--|
| <p>CORPORATE SERVICES PORTFOLIO COMMITTEE</p> | <p>To consider and to make recommendations to the Council on the measures necessary including inter alia the following –</p> <p>Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings Manpower planning</p> <p>Recruitment, selection, remuneration, utilization and development of staff; Occupational Health and Safety and Industrial Health services;</p> <p>Productivity in the municipal workforce Training and staff development; Employment equity and skills development Employee performance;</p> <p>Information and technology support services; Contract management and negotiations in respect of salary increases and fringe benefits; Measures required in respect of the avoidance of strike and other conflict actions;</p> <p>Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and</p> <p>Council Support Auxilliary,Records Management and Decision Tracking</p> |
| <p>INSTITUTIONAL OPERATIONS AND CIVIC RELATIONS PORTFOLIO COMMITTEE</p> | <p>To make recommendations to the Executive Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects.</p> |

| | |
|--|---|
| MUNICIPAL SERVICES PORTFOLIO COMMITTEE | <p>To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following –</p> <p>Childcare facilities; Pontoons, ferries, jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto];</p> <p>Beaches and amusement facilities; Cemeteries, funeral parlours and crematoria; Fencing and fences;</p> <p>Local amenities; Local sports facilities</p> <p>Municipal parks and recreation</p> <p>P u b l i c p l</p> |
| FINANCE PORTFOLIO COMMITTEE | <p>To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following – Budget alignment;</p> <p>Monitoring and budget implementation; Control measures</p> <p>Financial reporting; Budget management including revenue and expenditure management; Capital raising; and</p> |

| | |
|---|---|
| BUDGET STEERING COMMITTEE | <p>The Finance Budget Committee will fulfil the following Operational functions.</p> <p>Budget Management</p> <p>Revenue (Including Tariffs Expenditure) In-year Financial Reporting</p> <p>Control Measures of Budget Implementation</p> <p>Monitoring and Budget Progress</p> <p>Budget Implementation</p> <p>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</p> |
| HEALTH AND PUBLIC SAFETY AND EMERGENCY SERVICES PORTFOLIO COMMITTEE | <p>To consider and make recommendations to the Mayoral Committee on all health and public safety matters of the</p> <p>Metropolitan Municipality including inter alia the following – Air pollution;</p> <p>Firefighting services; Municipal health services; Trading regulations.</p> <p>Control of public nuisances;</p> <p>Control of undertakings that sell liquor to the public;</p> <p>Facilities for the accommodation, care and burial of animals; Licensing of dogs;</p> <p>Licensing and control of undertakings that sell food to the public; Municipal abattoirs;</p> <p>Noise pollution; Street trading;</p> <p>Traffic and parking; and</p> <p>Disaster management.</p> |

| | |
|--|---|
| DEVELOPMENT AND SPATIAL PLANNING PORTFOLIO COMMITTEE | <p>To make recommendations to the Mayoral Committee and Council on transportation, town and regional planning, architectural, land survey and land administration matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic land and property use, including inter alia the following – Building regulations and control</p> <p>Municipal planning</p> <p>Billboards and the display of advertisements in public places</p> <p>Spatial planning, Spatial Development Frameworks and precinct plans</p> <p>Architectural services</p> <p>GIS Mapping</p> <p>Regional / District/ Precinct management Spatial norms and standards enforcement Land use management</p> <p>Property management</p> <p>Municipal valuations</p> |
| INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE | <p>To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services , including inter alia the following –</p> <p>Air pollution;</p> <p>Electricity and gas reticulation; Municipal airports;</p> <p>Municipal public works Storm water management systems;</p> <p>Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal</p> <p>Municipal public transport systems; Cleansing;</p> <p>Municipal roads;</p> <p>Refuse removal, refuse dumps and solid waste disposal; Street lighting; and</p> |
| IDP AND ORGANISATION AL PERFORMANCE | <p>To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56</p> |

| | |
|---|---|
| ECONOMIC DEVELOPMENT AND AGENCIES PORTFOLIO COMMITTEE | <p>To assist the Executive Mayor in ensuring that the economic development including rural development of the whole community of Buffalo City is promoted (sections 152 & 153 of the Constitution), including inter alia the following:- Facilitate job creation</p> <p>Promote the development of small, medium and micro-enterprises</p> <p>Market the municipality holistically Promote and facilitate rural development</p> |
| 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 |
| 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 |
| 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 |
| 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 / | | |
|---|---|--|
| MUNICIPAL FUNCTION S | 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 | Y | |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related | 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 | | |
| | NOMPENBELELO 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | | | | |
| | 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | LINDA PELI | | | | |
| | NTOMBOKANYO VIRGINIA DAWETI | | | | |
| | LUDUMO CLAXTON LUSASENI | | | | |
| | AKHONA FIYO | | | | |
| | | | | | |
| 10 | CLLR PEARL HANSEN | Yes | | | |
| | CARMAN AUDREY DANIELS | | | | |
| | 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| 12 | CLLR ANDILE ANDY PHETHANI | Yes | 1 | | |
| | SIVUYILE JACOB | | | | |
| | ODWA SITYANA | | | | |
| | JOYCE NOLALA TISHALA (Deceased) VUYOKAZI VIVIAN FUNKEKA (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 | | | | |
| | PHUMELA PLAATJIE | | | | |
| | ZIMASA MALEKI | | | | |
| | AMANDA NDILEKA MNTYEKU | | | | |
| | NOSIPHIWO SAMFUMFANA | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | | | |
| | 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 APIWE GCWABE | YES | | | |
| | MASIXOLE NIMROD TIYA | | | - | |
| | SONWABO FUMANISA | | | - | |
| | BONGANI MLUMBI | | | - | |
| | AGRINETTE WILLIAMS | | | - | |
| | ANDILE TAFENI | | | - | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | SIPHOKAZI FUNDISA MBONJA | | | - | |
| | MZWANDILE ROYARD CWECEWE | | | - | |
| | 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 |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | XOLISA WELCOME KOMANI | | | | |
| | ANDILE VICTOR MELUDE | | | | |
| | THEMBANI NKAYI | | | | |
| | 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | ANELE ROBERT NKWALASE | | | | |
| | FUNIWE EUNICE MTYOKI | | | | |
| | SEDGWICK 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 | | | | |
| | LUNGA MQHAYI | | | | |
| | AYANDA TEENAGE TUNYWA | | | | |
| | SIKO DALASILE | | | | |
| | | | | | |
| 28 | CLLR FREDRICK CAREL POHL | YES | 4 | | |
| | FANDILEKI ZWELINZIMA (Resigned) PUMZA MPULAMPULA (Replacement) | | | | |
| | SIKHULULE SIBALI | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | | | | |
| | | | | | |
| 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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 | | | | |

| 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 |
|-----------------------|---|--------------------------------------|--|--|--|
| | 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* | | | | | |
|--|---|-------------------|--------------------|-----------------------------|-------------------------|
| 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. | | | | |
| 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 interruption 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 sanitation 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 recommendation s during 2023/2024 | Recommendation s 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 PERFORMANCE SCHEDULE.

Refer to BCMDA Annual Performance Report, 2023/2024, attached

APPENDIX J: DISCLOSURE OF FINANCIAL INTERESTS.

| Name Of Councillor | Date Of Notice To Company | Date Of Minute | Particulars Of Contract | Nature Of Extent Of Interest |
|---|--|----------------------|---|------------------------------|
| Naam Van Raadslid | Datum Van Kennisgewing Van Maatskappy | Datum Van Notulering | Besonderhede Van Kontrak | 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 | |
| | Ei 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 |
| | Sponsor For Heritage Day | | Gift | |
| Phakamile Bamla | | | | |
| 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 |
| Roy Angelbeck | | | Residential Property | Owner |
| | | | Derosa Trust | Trustee |
| | | | Maas Shop | Owner/Partner |
| | | | Ironwood Barn | |
| | | | 2 Commercial Properties (Farm) | Owners/Trust Owner |
| | | | 3 Residential Properties | Owner |
| 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 |
| Sixelisiwe 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 | Sponsorship Trip To Nyc |
| | | | Sponsors: Eu, Us State Department & Danish Embassy | |
| | | | 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 | | | QzI 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 |
| 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 | Shares (Ordinary) |

| | | | | |
|---------------------------------|------------------|---------------------|--|-------------------------|
| | | | Property Owner (Gonubie And Bellville Cape Town) | 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 |
| 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 | Nothing Declared | | Nothing Declared | Nothing Declared |
| Mayihlome Mcako | Nothing Declared | | Nothing Declared | Nothing Declared |
| Nkosinathi Mndi | Nothing Declared | | Nothing Declared | Nothing Declared |
| Ntombizandile Maureen Mhlola | Pension Fund | | Pension | |
| Amanda Olwethu Mnyute | Ngubesilo Intitute | | Sole Member | |
| | Siyolise Service Company | | Sole Member | |
| Oscar Mhlauli | Nothing Declared | | Nothing Declared | Nothing 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 PERFORMANCE BY VOTE AND BY SOURCE.

| Revenue Collection Performance by Vote | | | | | | |
|---|------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| Vote Description | R' 000 | | | | | |
| | 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 | 252,488 | -63% | -44% |
| Vote 04 - Directorate - Chief Financial Officer | 3,014,628 | 3,750,743 | 3,764,743 | 3,816,349 | 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 | 4,779,747 | 0% | 1% |
| Vote 07 - Directorate - Spatial Planning And Development | 140,429 | 135,746 | 123,320 | 116,745 | -16% | -6% |
| 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 | 209,327 | 23% | 7% |
| 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 | 10,222,862 | 0% | 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 | 67,202 | 64% | 61% |
| Vote 04 - Directorate - Chief Financial Officer | 993,452 | 1,012,840 | 981,208 | 908,158 | 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 | 354,348 | -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 | 308,346 | 80% | 80% |
| 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 | 10,679,768 | 0% | 0% |
| Surplus/ (Deficit) for the year | (628,351) | (523,895) | (441,348) | (456,906) | 13% | -4% |
| 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 PERFORMANCE 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 | 2,320,728 | -13% | -6% |
| Service Charges - water revenue | 623,777 | 933,423 | 845,689 | 930,013 | 0% | 9% |
| Service Charges - sanitation revenue | 483,923 | 493,351 | 573,555 | 553,176 | 11% | -4% |
| Service Charges - refuse revenue | 416,514 | 406,053 | 509,293 | 470,948 | 14% | -8% |
| Service Charges - other | 85,974 | 145,958 | 145,958 | 57,707 | 0% | 0% |
| Rentals of facilities and equipment | 24,501 | 23,129 | 23,129 | 23,266 | 1% | 1% |
| Interest earned - external investments | 85,676 | 24,054 | 211,915 | 49,944 | 52% | -324% |
| Interest earned - outstanding debtors | 247,427 | 211,915 | 38,713 | 278,434 | 24% | 86% |
| Fines | 65,631 | 20,080 | 9,239 | 65,438 | 69% | 86% |
| Licences and permits | 12,216 | 17,667 | 13,367 | 13,367 | -32% | 0% |
| Agency services | 21,871 | 27,261 | 27,933 | 18,764 | -45% | -49% |
| Transfers recognised - operational | 1,936,174 | 1,463,862 | 1,493,500 | 1,291,763 | -13% | -16% |
| Other revenue | 884,997 | 826,064 | 826,168 | 1,057,965 | 22% | 22% |
| Gains on disposal of PPE | - | - | - | - | 0% | 0% |
| Total Revenue (excluding capital transfers and contributions) | 8,690,487 | 9,415,557 | 9,386,331 | 9,259,148 | -1.69% | -1.37% |
| Expenditure By Type | | | | | | |
| Employee related costs | 2,443,914 | 2,884,448 | 2,770,836 | 2,701,209 | -7% | -3% |
| Remuneration of councillors | 71,600 | 74,057 | 68,967 | 70,960 | -4% | 3% |
| 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 | 2,252,355 | -12% | -3% |
| Inventory consumed | 350,866 | 286,314 | 319,459 | 336,956 | 15% | 5% |
| Contracted services | 284,184 | 903,924 | 879,478 | 293,479 | -208% | -200% |
| Transfers and grants | 91,955 | 154,110 | 140,569 | 71,316 | -116% | -97% |
| Other expenditure | 1,118,061 | 545,352 | 688,155 | 1,117,426 | 51% | 38% |
| Loss on disposal of PPE | | 92,540 | 93,020 | 499,890 | 81% | 81% |
| Total Expenditure | 9,174,212 | 10,698,924 | 10,679,677 | 10,618,392 | -1% | -1% |
| Surplus/(Deficit) | (483,725) | (1,283,367) | (1,293,346) | (1,359,245) | 6% | 5% |
| Transfers recognised - capital | | 759,472 | 851,998 | 838,435 | 9% | -2% |
| Transfers and subsidies - capital (in-kind - all) | (124,483) | - | - | 23,154 | 0% | 0% |
| Surplus/(Deficit) for the year after capital transfers and contributions | (608,208) | (523,895) | (441,348) | (497,656) | -5% | 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) | (456,906) | -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 institutionalising an effective and efficient system of programme and project preparation and the allocation of growing level of municipal resources to preparation activities |
| Informal Settlements Upgrading Partnership Grant | 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* | | | | | | | |
| Description | R '000 | | | | | | |
| | 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 M (iii): CAPITAL EXPENDITURE – UPGRADE PERFORMANCE.

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) % |
| <u>DIRECTORATE OF EXECUTIVE SUPPORT SERVICES</u> | | | | | |
| 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% |
| | | | | | |
| <u>MUNICIPAL MANAGERS 'OFFICE</u> | | | | | |
| 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% |
| | | | | | |
| <u>DIRECTORATE OF INFRASTRUCTURAL SERVICES</u> | | | | | |
| <u>OFFICE OF THE DIRECTOR</u> | | | | | |
| OFFICE FURN & EQUIPMENT (DIRECTORATE) | 500,000 | 955,158 | 313,314 | -205% | -60% |
| | 500,000 | 955,158 | 313,314 | -205% | -60% |
| | | | | | |
| <u>ELECTRICITY</u> | | | | | |
| <u>BULK ELEC INFRAS UPGR(RING-FENCED 4%)</u> | 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% |
| | | | | | |
| <u>ELECTRIFICATION - INFORMAL DWELLING AREAS - BCMM</u> | 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 & HIGHAISTS - 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% |
| | 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% |
| 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% |
| 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% |

| | | | | | |
|---|-------------------|-------------------|-------------------|-----------|------------|
| 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% |

| | | | | | |
|---|--------------------|--------------------|--------------------|------------|-------------|
| 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% |
| 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% |
| 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% |
| 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% |
| | | | | | |
| <u>DIRECTORATE OF HUMAN SETTLEMENT</u> | | | | | |
| 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% |

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|-------------------------------------|-------------------|-------------------|-------------------|-----------|--------------|
| 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% |
| 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% |

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| 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% |
| 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% |
| 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% |
| 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% |
| | | | | | |
| <u>DIRECTORATE OF SPATIAL PLANNING AND DEVELOPMENT</u> | | | | | |
| OFFICE FURN & EQUIPMENT (DIRECTORATE) | 500,000 | 160,697 | 160,697 | 0% | -211% |
| | | | | | |
| <u>DEVELOPMENT PLANNING</u> | | | | | |
| AERIAL PHOTOGRAPHY AND MAPPING | 2,000,000 | 0 | 0 | 0% | 0% |
| PLOTTERS | 600,000 | 0 | 0 | 0% | 0% |
| SURVEY EQUIPMENT | 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% |
| | | | | | |
| <u>PROPERTY MANAGEMENT</u> | | | | | |
| 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% |
| 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% |
| | | | | | |
| <u>TRANSPORT PLANNING AND OPERATIONS</u> | | | | | |
| 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% |
| 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% |
| | | | | | |
| <u>DIRECTORATE OF PUBLIC SAFETY AND EMERGENCY SERVICES</u> | | | | | |
| 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% |
| 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% |
| | | | | | |
| <u>SPORTS, RECREATION & COMMUNITY DEVELOPMENT</u> | | | | | |
| 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% |

| | | | | | |
|--|-----------|-----------|-----------|------|-------|
| 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% |
| | | | | | |
| <u>DEVELOPMENT, UPGRADE & REFURBISHMENT OF SPORTSFIELDS</u> | | | | | |
| 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% |
| | | | | | |
| <u>UPGRADING OF ZOO</u> | | | | | |
| UPGRADING OF ZOO | 900,000 | 896,393 | 896,393 | 0% | 0% |
| PLANT - ZOO | 100,000 | 15,760 | 15,760 | 0% | -535% |
| | | | | | |
| <u>REFURBISHMENT OF AQUARIUM</u> | | | | | |
| REFURBISHMENT OF AQUARIUM | 600,000 | 581,784 | 461,915 | -26% | -30% |
| PLANT - AQUARIUM | 100,000 | 96,662 | 91,250 | -6% | -10% |
| | | | | | |
| <u>SWIMMING POOLS</u> | | | | | |
| 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% |
| | | | | | |
| <u>DEVELOPMENT OF CEMETRIES</u> | | | | | |
| 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% |
| | | | | | |
| <u>UPGRADING OF COMMUNITY PARKS</u> | | | | | |
| 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% |
| | | | | | |
| <u>DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT</u> | | | | | |
| 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% |
| REFURBISHMENT & UPGRADING OF FACILITIES AT BEACHES | 500,000 | 250,000 | 0 | 0% | 0% |
| REVITALISATION 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% |
| 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 TREATMENT WORKS | ALL WARDS | No |
| RENEWAL OF SCHORNVILLE WASTEWATER TREATMENT 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 |
| DECOMMISSIONING 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 |
| 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%) | 7,9,8,10,13,14,15,17,22,27,37,4 2,45,46, | 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 |
| REHABILIT OF BCMM BRIDGES AND STORMWATER | ALL WARDS | No |
| REHABILITATION OF BEACONHURST DRIVE | 28 | No |
| ROADS PROVISION | 1,2,3,4,5,6,7,8,9,12,13,16,18,19,20,22,25,26,27,28,29,31,32,34,35,36,39,41,43,44,45,47,50 | No |
| ROADS PROVISION | 1-50 | No |
| RURAL ROADS - WARD 37 | 37 | No |
| RURAL ROADS | 17,22,24,25,26,31,32,33,34,35,36,38,40,43,50 | 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 |
| 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 |
| STONE 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 | | |
| AERIAL PHOTOGRAPHY AND MAPPING | 47 | No |
| PLOTTERS | 47 | No |
| SURVEY EQUIPMENT | 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 |
| | | |
| 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 |
| 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 |
| REFURBISHMENT 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 |
| | | |
| 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 MUNICIPALITY.

BCMM did not take loans during the year under review.

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71.

Not applicable to BCMM

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT.

NATIONAL OUTCOMES FOR LOCAL GOVERNMENT

1. Quality basic education
2. Along and healthy life for all South Africans
3. All people in South Africa feel safe and have no fear of crime.
4. Decent employment through inclusive growth
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable, sustainable rural communities contributing towards food security for all.
8. Sustainable human settlements and improved quality of household life.
9. Responsive, accountable, effective and efficient local government
10. Protect and enhance our environmental assets and natural resources
11. Create a better South Africa and contribute to a better Africa and a better world.
12. An efficient, effective, responsive and development oriented public service
13. A comprehensive, responsive and sustainable social protection system.
14. A diverse, socially cohesive society with a common national identity.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

ⁱ www.buffalocity.gov.za



Buffalo City Metropolitan Municipality
Audited Consolidated Annual Financial Statements
for the year ended 30 June 2024

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, Iliitha, 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

Index

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 | Municipal 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

| Figures in Rand | Note(s) | Economic entity | | Controlling entity | |
|--|---------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 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 | | Controlling entity | |
|---|-----------|------------------------|------------------------|------------------------|------------------------|
| | | 2024 | 2023 Restated* | 2024 | 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

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 % | |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 % | |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 % | |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 % | |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 than 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 assets.
- 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

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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

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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.

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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

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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

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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.

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 |

Buffalo City Metropolitan Municipality

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Accounting Policies

1.9 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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.

Buffalo City Metropolitan Municipality

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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.

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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 discounted using the discount rate as specified.

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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.

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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.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Control of an asset arises 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 recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, 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

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

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 it is an agent. The economic entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the economic entity is an agent.

Recognition

The economic entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The economic entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 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.

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

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 |

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

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 |

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

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 |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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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 |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 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 |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 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 title deeds are registered under the name of the Municipality but have not been included in the Municipality's financial records. These properties are represented by RDP land, ex Ciskei and other land parcels, vacant and improved. It should furthermore be noted that management is of the view that the inclusion of these properties in the Annual Financial Statements could result in a misrepresentation of the financial information for users of the Annual Financial Statements.

Expenditure relating to property, plant and equipment is disclosed under repairs and maintenance note 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.

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

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

KWT WWTW Phase 2
Water World

Reasons

Project has been halted pending finalisation of the litigation process
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
EL Sewer diversion
Posdam Ikhwezi Block 1

Project has been halted pending finalisation of the litigation process.
Project has been halted pending finalisation of the litigation process.
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

| Name | Principal activity | Economic Entity | | Controlling Entity | |
|--|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 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 % |

| Name | Principal activity | Economic Entity | | Controlling Entity | |
|---|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 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 | | Controlling entity | |
|---|-----------------------|--------------------|----------------------|--------------------|
| | 2024 | 2023 *Restated | 2024 | 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.

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 | |
| 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 |

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 |

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) |
|------------------------|------------------------|------------------------|------------------------|

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 |
| 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 |

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 | | Controlling entity | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 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 |

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 | | Controlling entity | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 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) |

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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.

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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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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| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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: | | | | |
| - Changes in financial assumptions | (13 104 000) | (201 511 000) | (13 104 000) | (201 511 000) |
| - Experience adjustments | (10 213 000) | (121 412 000) | (10 213 000) | (121 412 000) |
| | (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 | 62 542 000 | (80 157 000) | 62 542 000 | (80 157 000) |

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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)

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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| Figures in Rand | Economic entity | | Controlling entity | |
|---|--|--|--|--|
| | 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 |

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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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: | | | | |
| - Changes in financial assumptions | 1 913 000 | (115 220 000) | 1 913 000 | (115 220 000) |
| - Experience adjustments | (2 259 000) | (36 792 000) | (2 259 000) | (36 792 000) |
| | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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 |

Buffalo City Metropolitan Municipality

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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 |
| Total | 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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Notes to the Audited Consolidated Annual Financial Statements

| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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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| | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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 | - | - | - |

less: future finance charges

| | | | |
|----------|---|---|---|
| 234 733 | - | - | - |
| (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 | - | - | - |
|---------|---|---|---|

Buffalo City Metropolitan Municipality

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Notes to the Audited Consolidated Annual Financial Statements

| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 entitled to a 13th cheque except the sec57 employees (Municipal Manager, CFO and HOD's). The 13th cheque 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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) |

Buffalo City Metropolitan Municipality

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| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 |

Buffalo City Metropolitan Municipality

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| | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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 |
|----------------------|------------|------------|------------|------------|

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| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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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| | 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 |

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| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 |

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| Figures in Rand | Economic entity | | Controlling entity | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 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 |

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| Figures in Rand | Economic entity | | Controlling entity | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 *Restated | 2024 | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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.

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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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.

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|-----------------|-----------------|-------------------|--------------------|-------------------|
| 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 Economic entity employee related cost

| | | | |
|----------------------|----------------------|----------------------|----------------------|
| 7 592 072 | 18 180 714 | - | - |
| 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 Booie | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 KI (2023: 24 539 655 KI) of which 15 113 750 KI (2023: 14 725 646 KI) are technical losses and 9 869 789 KI (2023: 9 814 009 KI) are non-technical losses.

Non-technical

Unbilled Authorised Consumption - The unbilled authorised consumption is the volume of authorised consumption that is not billed or paid. The level of unbilled authorised consumption will vary from WSA to WSA and in some areas, virtually all water is metered and billed in some manner with the result that the unbilled authorised consumption is zero.

Apparent Losses - Apparent losses or commercial losses are made up from the unauthorised (theft or illegal use), plus all technical and administrative inaccuracies associated with customer metering. While it should be noted that the apparent losses should not be a major component of the water balance in most developed countries, it can represent the major element of the total losses in many developing countries. A systematic estimate should be made from local knowledge of the system and an analysis of technical and administrative aspects of the customer metering system.

Technical

Real Losses - Real losses are the physical water losses from the pressurised system, up to the point of measurement of customer use. In most cases, the real losses represent the unknown component in the overall water balance and the purpose of most water balance models is therefore to estimate the magnitude of the real losses so that the WSA can gauge whether or not it has a serious leakage problem. The real losses are calculated as the difference between the total losses and the estimated apparent losses.

Water losses are being addressed by the implementation of water conservation and water demand measures which includes pipe replacement, water meter replacement, etc.

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|--|--------------------|--------------------|--------------------|--------------------|
| | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 2024 | 2023 *Restated | 2024 | 2023 *Restated |

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 necessarily be in line with the Accounting Standards. IAS 12 requires that there should be probability of the entity deriving taxable income which would reduce the deferred tax in future. Disclosed below therefore is unrecognised deferred tax asset in respect of both deductible temporary differences and tax losses. The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. The Minister of Finance announced on 27th February 2022 that the corporate tax rate would decrease from 28% to 27% effective for years ended on or after 31 March 2023, 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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|---|--------------------|--------------------|--------------------|--------------------|
| | 2024 | 2023 *Restated | 2024 | 2023 *Restated |
| 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. Advice is sought from Council's insurers whether BCMM is liable. If BCMM is liable, then Council's insurers will determine the settlement amount to be paid. If BCMM is not liable, then Council's insurers will legally defend the matter on Council's behalf. | 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 2024 | 2023 *Restated | 2024 | 2023 *Restated |

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 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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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 2024 | 2023 *Restated | 2024 | 2023 *Restated |

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) |
| | | | - | - | - | - |

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|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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) |

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| | 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.

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| | 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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| | 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

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 | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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 a 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

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 |

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

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 | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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.

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 |
| 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) |
| | - | - | - | - |

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 |

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.

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 |

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 |

Buffalo City Metropolitan Municipality

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| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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

Community and Public Safety

Economic and Environmental Services

Municipal Governance and Administration

Trading Services

Other

Goods and/or services

Service or activity that is performed by the Metro for the benefit of the public or its institutions.

Helps the Metro to make better decisions by identifying resources, understanding the needs of the public and formulate plans to make the local economy fully functional and investor friendly.

Management, cohesive policies, guidance, processes and decision-rights

Providing a service to customers at a tariff determined to "recover cost".

Tourism promotion & development and Operations of fresh produce market.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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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 |

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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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.

Buffalo City Metropolitan Municipality

Audited Consolidated Annual Financial Statements for the year ended 30 June 2024

Notes to the Audited Consolidated Annual Financial Statements

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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 |

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

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) |

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

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 |

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

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.

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

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 |

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

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

| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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

| Figures in Rand | Economic entity | | Controlling entity | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 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

| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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
- Aftredevvoorsieningsfonds 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 ARGENT 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 Aftredevvoorsieningsfonds 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

| Figures in Rand | Economic entity | | Controlling entity | |
|-----------------|-----------------|-------------------|--------------------|-------------------|
| | 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.



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

Buffalo City Metropolitan Development Agency

Annual Performance Report 2023/24

OUTCOME ONE: 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.

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments | Corrective Measure |
|---|---|-------------------------|-------------------------|---|--|
| 1. 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 |
| 2. 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 and Esplanade and are available online. | None |
| 3. 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 |
| 4. 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. |
| 5. Implementation of TIM | Draft Reviewed and Updated TIM | R260 095 | Achieved | The TIM was reviewed and updated | None |

OUTCOME 2: ATTRACTIVE CITY FOR GLOBAL INVESTMENTS

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.

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments | Corrective Measure |
|--|--|-------------------------|-------------------------|--|--|
| 1. 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 |
| 2. Number of investments secured into BCMM | 1 investor secured | NIL | Achieved | The investor secured was namely Vunani Capital for Sleeper Site development | None |
| 3. Value of investment facilitated | R350 million investment facilitated ¹ | NIL | Achieved | The Sleeper Site investor was secured as reported. | None |
| 4. Number of economic diversification projects initiated | 1 economic diversification projects initiated (MacLean Town) | 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. |
| 5. 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. |
| 6. 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 |

¹ Subject to the finalisation of Sea View Terrace

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.

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments | Corrective Measure |
|---|--|-------------------------|-------------------------|--|--|
| 1. Number of economic diversification projects initiated | 1 economic diversification projects initiated (MacLean Town) | 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. |
| 2. 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. |
| 3. 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 |

OUTCOME 4: INCLUSIVE AND RESILIENT ECONOMY

Focuses on implementing the Agency's socio-economic development program that improves access to meaningful work opportunities for identified beneficiary groups within the City. This includes the implementation of economic diversification and expansion projects

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments/ Challenges | Corrective Measure |
|---|---|-------------------------|-------------------------|---|---|
| 1. 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 |
| 2. 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 |
| 3. 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. |
| 4. 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 |
| 5. 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. |
| 6. 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 | Achieved | All the documents necessary for development of the sites have been sourced from the City. | None |

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.

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments/ Challenges | Corrective Measure |
|---|--|---|-------------------------|---|--|
| 7. Health of financial ratios | Liquidity = 2:1 | R 99 697 746 | Not achieved | 1,62:1 | Due to budget restrictions during mid-year review. |
| 8. 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 | <ul style="list-style-type: none"> - Operational Grant of R44 million. - Interest of R 1686 008; - Project management fees of R 782 790 | None |
| 9. Compliance on financial planning, administration and reporting requirement | 100% compliance | NIL | Achieved | <ul style="list-style-type: none"> - 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. | None |

| Output Indicator | | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments/ Challenges | Corrective Measure |
|------------------|--|---|-------------------------|-------------------------|---|--|
| | | | | | - - Monthly evaluation of supplier performance and maintenance of contracts register was performed | |
| 10. | Improved Audit Outcome | Unqualified Audit Opinion without findings | R 997 360 | TBC | n/a | To be determined post audit |
| 11. | Expenditure incurred | 97% Spending of grant from the City | R 53 182 078 | Achieved | 97% Spending of grant from the City | N/A |
| 12. | Improved percentage implementation of recommendations from External and Internal Audit Reports | 90% Implementation of recommendation s from External and Internal Audit reports | R 400 000 | Achieved | All findings for the division have been resolved. | N/A |
| 13. | 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 |
| 14. | 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 |
| 15. | 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 |
| 16. | 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 |
| 17. | Submission of all staff performance related documents | - 100% of PC/ work plan and PDP - 100% submission of disclosures - 100% submission of performance reviews | R 314 686 | Achieved | N/A | n/a |
| 18. | Annual training budget spent | 95% spend | R250 000 | Achieved | 100% spent on approved training budget | n/a |
| 19. | Percentage availability of ICT system achieved | 95% uptime | NIL | Achieved | 99% uptime | n/a |

| Output Indicator | | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments/ Challenges | Corrective Measure |
|------------------|---|--|---|-------------------------|---|--|
| 20. | 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 |
| 21. | Percentage adherence to prescribed help desk response time | <3 hours | NIL | Achieved | <3 hours help desk response time | n/a |
| 22. | 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 |
| 23. | 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. |
| 24. | 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. |
| 25. | 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. |
| 26. | 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. |
| 27. | 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 |



BCMDA

BUFFALO CITY METROPOLITAN

DEVELOPMENT AGENCY

Buffalo City Metropolitan Development Agency

Draft Integrated Annual Report 2023/24

Disclaimer: This report is still undergoing internal processes and is not yet adopted by the BCMDA Board

The Statement by the Honorable Mayor, Board Chairpersons reports, Acting CEO, Chair of Audit and Risk Committee and Directors report has been circulated and will be signed-off post comments.

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MAYORS FOREWORD AND EXECUTIVE SUMMARY

About the entity

The Buffalo City Metropolitan Development Agency (BCMDA) is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality. It is a successor to the Buffalo City Development Agency that was established as a non-profit company by the Municipality in 2004. As the legislation evolved over time, it was deemed necessary to become a profit orientated company and BCMDA was established as a profit company on 20 April 2016 through a Memorandum of Incorporation, in terms of the Companies Act, 1973 as amended. This allows the Agency to transact, generate funds and have a borrowing capacity to carry its mandate to increase economic growth through tourism, economic and social development as well as property management and commercialisation.

The BCMDA is established as a juristic person operating as a municipal entity, which has been classified in terms of the Municipal Finance Management Act. As an entity of BCMM, the BCMDA thus extends the BCMM's capability with respect to the identification, planning and implementation of development projects for the benefit of the entire municipal area.

The BCMDA's outcomes are aligned with those set out in the Buffalo City Metropolitan Municipality's (BCMM) 2017/18–2020/21 integrated development plan and the BCMM 2030 Metro Growth and Development Strategy (MGDS 2030).

STATEMENT BY THE HONORABLE MAYOR

To be signed after comments

Honorable Executive Mayor

P Faku

CHAIRPERSONS STATEMENT

Ms. Nolitha Pietersen
Chair of the Board

CHIEF EXECUTIVE OFFICERS REPORT

Mr. Siyabulela Peter

Interim Chief Executive Officer

GOVERNANCE

1. About the report

The preparation of the Integrated Buffalo City Metropolitan Development Agency (BCMDA) annual report is guided by circular 63 (of 2012) of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury and the Company's Act of 2013. The BCMDA being an entity wholly funded and owned by the Municipality reports according to these standards in line with clause section 121 subsection (1) which states that:

“Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter”.

The MFMA prescribes the content municipalities should cover in their annual reports in chapter 12 “Financial Reporting and Auditing” section 121 to section 134 and circular 63 of 2012 relating to municipalities and municipal entities. In this regard the 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 on the performance against the budget of the Agency's 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 1: 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 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 with the Interim CEO Mr Mxolisi Sibam which he was succeeded by Mr Siyabulela Peter on the 16 August 2023 as Interim CEO up until 30 December 2023. The Board appointed Mr Ayanda Gqoboka as the Chief Executive Officer as of 1 January 2024.

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 contribution of the Board is derived from the wide range of skills they collectively possess inter alia, business administration, finance, accounting, human resources, public sector management etc. The Board is the Core of the Agency's corporate governance architecture and is responsible for:

- Providing a clear strategic Direction to the Agency.
- Ensuring that appropriate management structures are in place to ensure day to day.
- Promoting a culture of ethical behaviour.
- Entrenching sound corporate governance through an integrated governance structure; and
- Compliance with all relevant laws, regulation and codes of practice.

The Board of Directors of the Agency meets at regular intervals, retains full and effective control over the entity and monitors the implementation of the entity's strategic programmes by the executive management through a structured approach to reporting and accountability. It also sets the strategic direction and monitors overall performance. All Board Committees are chaired by independent non-executive directors.

Table 2: Board of Directors

| Board Member | Capacity | Gender | Qualifications/skills/ expertise | Committee Membership |
|-----------------------------------|--------------------------|--------|---|------------------------------------|
| Ms. Nolitha Pietersen | Chairperson of the Board | Female | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - Diploma in Education - School Management, Rhodes University - Computer Literacy | PDIC & OC Member |
| Mr. Noel Van Wyk | Member | Male | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | OC & PDIC Member |

| Board Member | Capacity | Gender | Qualifications/skills/ expertise | Committee Membership |
|--------------------------------------|----------|--------|---|------------------------------------|
| | | | (PGDA), Rhodes University - BCom (Accounting & Commercial Law), Rhodes University - Matric, Hector Peterson High School | |
| 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 3: Board meetings

| Date | Ms Nolitha Pietersen | Ms Nobantu Ndevu | Mr Noel Van Wyk | Mr Vuyo Mandilakhe Dilima | Mr Mxolisi Sibam | Mr Sindile Toni | Ms Andisiwe Kumbaca | Ms Ngcane Madikizela-Renene | Ms Zukisa Faku |
|------------------|----------------------|------------------|-----------------|---------------------------|------------------|-----------------|---------------------|-----------------------------|----------------|
| 31 July 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 28 August 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 13 October 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 07 November 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 29 November 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 14 December 2023 | Yes | Yes | N/A | Yes | Yes | Yes | Yes | Yes | Yes |
| 19 January | Yes | Yes | N/A | Yes | Yes | Yes | Yes | Yes | Yes |

| Date | Ms Nolitha Pietersen | Ms Nobantu Ndevu | Mr Noel Van Wyk | Mr Vuyo Mandilakhe Dilima | Mr Mxolisi Sibam | Mr Sindile Toni | Ms Andisiwe Kumbaca | Ms Ngcane Madikizela-Renene | Ms Zukisa Faku |
|---------------|----------------------|------------------|-----------------|---------------------------|------------------|-----------------|---------------------|-----------------------------|----------------|
| 2024 | | | | | | | | | |
| 05 March 2024 | N/A | Yes | N/a | Yes | Yes | Yes | Yes | Yes | Yes |
| 12 March 2024 | N/A | Yes | N/A | Yes | Yes | Yes | Yes | Yes | Yes |
| 19 March 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.

Table 4: Interim Board meetings

| Date | Ms Nolitha Pietersen | Ms Nobantu Ndevu | Mr Noel Van Wyk | Mr Vuyo Mandilakhe Dilima | Mr Mxolisi Sibam | Mr Sindile Toni | Ms Andisiwe Kumbaca | Mrs Thandiwe Godongwana |
|-------------------|----------------------|------------------|-----------------|---------------------------|------------------|-----------------|---------------------|-------------------------|
| 29 September 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 14 October 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 21 October 2022 | Yes | Yes | Yes | Yes | Apology | Yes | Yes | Yes |
| 01 November 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 01 November 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 15 November 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 23 November 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 30 November 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 14 December 2022 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 12 January 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 18 January 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 25 January 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 26 January 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 02 March 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 26 April 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 31 May 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 21 June 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |
| 30 June 2023 | Yes | Yes | Yes | Yes | Yes | Yes | Yes | N/A |

- Mrs Godongwana resigned on the 25th of November 2022.

2.3 Board Sub-Committee meetings

There are three Board committees, which are Governance Committee, Organisational Committee and the Project Development and Investment Committee. The Agency shares the Audit Committee with BCMM its parent municipality. The Board added the risk

management function to the Audit and Risk Committee. The Committees held its meeting as follows within the 2023-24 financial year:

2.3.1 Governance Committee Meeting Schedule & Attendance

Table 5: Board meetings and schedule and attendance

| Date of Meeting | Mr Mandilakhe Dilima | Mr Sindile Toni | Ms Ngcane Madikizela-Rene |
|------------------|----------------------|-----------------|---------------------------|
| 28 February 2024 | Yes | Yes | Yes |

2.3.2 Organisational Committee Meeting Schedule & Attendance

Table 6: Organisational committee meetings

| Date of Meeting | Mr Noel Van Wyk | Ms Ngcane Madikizela | Ms Andisiwe Kumbaca | Ms Nobantu Sakube-Ndevu | Ms Zukiswa Faku | Mr Mxolisi Sibam |
|------------------|-----------------|----------------------|---------------------|-------------------------|-----------------|------------------|
| 12 July 2023 | Yes | Yes | Yes | Yes | Yes | N/A |
| 25 August 2023 | Yes | Yes | Yes | Yes | Yes | Yes |
| 26 October 2023 | 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 up until the 15 August 2023.
- Mr Van Wyk resigned as Board Member in September 2023.

2.3.3 Project Development & Investment Committee Meeting Schedule & Attendance

Table 7: Project Development Committee meetings

| Date of Meeting | Mr. Sindile Toni | Ms Ngcane Madikizela-renene | Ms Andisiwe Kumbaca | Ms Nobantu Sakube-Ndevu | Ms Zukiswa Faku | Mr Mxolisi Sibam |
|------------------|------------------|-----------------------------|---------------------|-------------------------|-----------------|------------------|
| 11 August 2023 | Yes | Yes | Yes | Yes | Yes | N/A |
| 18 October 2023 | Yes | Yes | Yes | Yes | Yes | Yes |
| 29 February 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 8: Outgoing Risk Committee meetings

| Date of meeting | Mr Singa Ngqwala | Mr Suren Maharaj | Thobeka Maqwati-Naku |
|-----------------|------------------|------------------|----------------------|
| 21 August 2023 | Yes | Yes | Yes |
| 25 October 2023 | Yes | Yes | Yes |

- The ARC Committee we share the services with the Parent Municipality. The three-year term expired in July 2023 and the parent Municipality extend for one month and then later extend to a three months contract up until 30 December 2023.
- The Parent Municipality appointed new ARC committee which we also share services with them.

Table 9: Incoming Risk Committee meetings

| Date of meeting | Mr Zola Luswazi | Mr Grant Son | Ms Fikile Mudau |
|-----------------|-----------------|--------------|-----------------|
| 28 May 2024 | Yes | Yes | Yes |

2.3.5 Role of the Company Secretary

- Ensuring compliance to the provisions of Companies Law and rules made there-under and other statutes and policies of the Agency.
- Ensuring that Business of the Agency is conducted in accordance with its objects as contained in Memorandum of Incorporation (MOI).
- Ensuring that the affairs of the Agency are managed in accordance with the provisions of the law.
- Develop framework to ensure that the organisation complies with relevant statutes.
- Preparing, approving, and signing agreements, leases, legal forms, on behalf of the Agency when authorised.
- Engaging legal advisors and defending the rights of the Agency in Courts of Law; and
- Advising the Chief Executive and other executives in respect of legal matters.
- Providing legal opinions and advice to the Board on relevant legislation as and when required.
- 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.
- 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 AND C: INTERGOVERNMENTAL RELATIONS AND STAKEHOLDER MANAGEMENT

3. Stakeholder engagement

BCMDA, being an entity of the state conducts its stakeholder programme guided by the spirit of the Constitution of South Africa that directs all government entities to strive to improve the quality of all citizens. Further to this the agency agenda is informed by the principles of Batho Pele that highlight the following core values:

- a. **Consolation:** All stakeholders should be consulted on the nature, quantity and quality of services to be provided in determine the need and expectations of end users.
- b. **Service Standards:** Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.
- c. **Ensuring Courtesy:** Citizens should be treated with courtesy and consideration.
- d. **Access:** All citizens should have equal access to the services to which they are entitled.
- e. **Information:** Citizens should be given full, accurate information about the public services they are entitled to receive.
- f. **Openness & Transparency:** Citizens should be told how state organs are run, how much they cost and who is in charge.
- g. **Redress:** Establish a mechanism for recording any public dissatisfaction.
- h. **Value for Money:** Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

3.1 The value of engaging

These values are essential to the agency's sustainability, understood as development that meets the needs of the present without compromising the ability of the future generations to meet their needs as outlined in the King Code IV on ethics and governance. Inline to this the BCMDA places value on

- a. Integrated thinking: considering the connectivity and interdependence between the range of factors that affect an Agency's ability to create value over time.

- b. Organisation as an integral part of society: Organisations operate in a societal context which they affect and by which they are affected.
- c. Stakeholder inclusivity: There is an interdependent relationship between the organisation and its stakeholders, and the Agency's ability to create value for others. An organization becomes attuned to the opportunities and challenges posed by the triple context in which it operates by having regard to the needs of, interests and expectations of material stakeholders.
- d. Corporate citizenship: As the organisation is an integral part of society, it has corporate citizenship status. This status confers rights, obligations and responsibilities on the organisation towards society and the natural environment on which society demands.

More benefits derived from stakeholder engagements are to:

- a. Promote the Agency's business development ambitions.
- b. Support the Agency in moving closer to meeting the objectives of its Financial Sustainability Strategy; and
- c. Allow the Agency to get feedback from citizens and therefore ensure shareholder value generation.

3.2 Intergovernmental Relations

Apart from the Constitution of South Africa, the Batho Pele Principles the BCMDA's stakeholder programme is significantly influenced by intergovernmental relations (IGR) which are governed by the Intergovernmental Relations Act. Inter-governmental relations' means the relationships between the three spheres of government. The South African Constitution states, 'the three spheres of government are distinctive, interdependent and interrelated'.

This relationship enhances the emergence of cooperation rather than competitive federation. Moreover, inter- governmental relations help to accelerate effective and efficient utilization of human and material resources among the three levels of government.

IGR are intended to promote and facilitate co-operative decision-making and ensure that policies and activities across all spheres encourage service delivery and meet the needs of the citizens in an effective way.

3.3 Observations and trends

The BCMDA continues to attract attention from a number of stakeholders, this is with an average of no less than 40.5 engagements per quarter. To this end during the year under review the agency recorded no less than 162 stakeholder engagements.

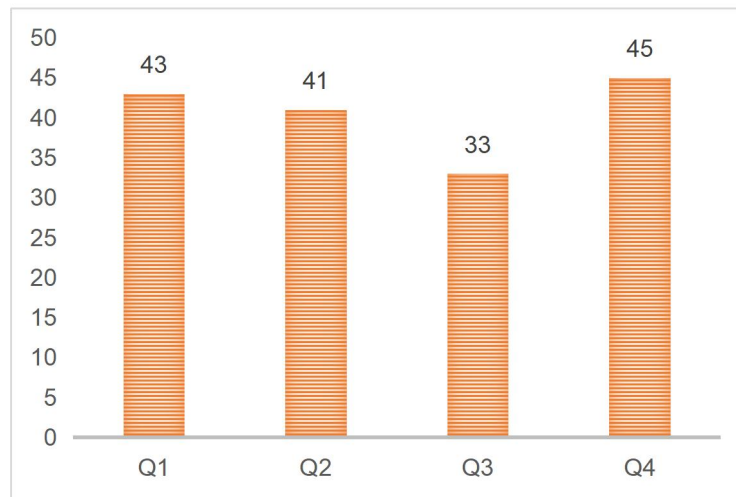


Figure 1: Stakeholder engagements per quarter over 22/23

Stakeholder interest and engagements were largely dominated by government interactions and the private sector which constituted 41% and 40% respectively. This means that there is an even level of engagement with the private and public sector and is well fitting for an organisation such as the BCMDA that seeks to work closely to both the private sector and the public sector.

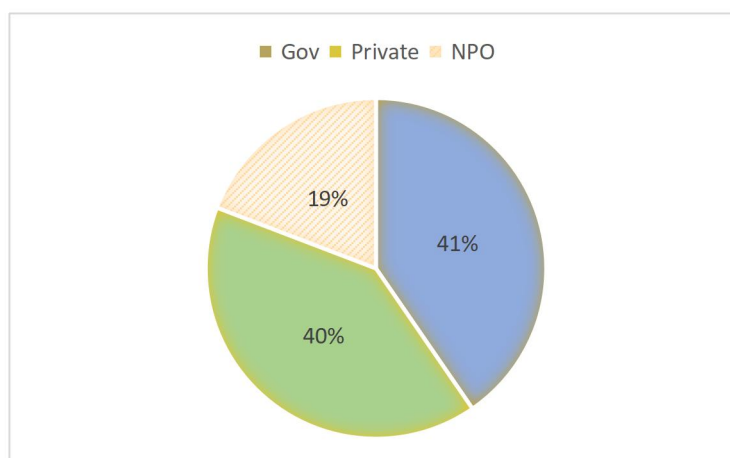


Figure 2: Stakeholder engagements per sector

Some of the government entities included in this rubric include organizations such as Transnet, the Eastern Cape Parks and Tourism Agency, Buffalo City Intergovernmental Relations Forum. The private sector composes of organizations such as Uber, Garden Court, Mercedes Benz.

Nonprofit organisations (NPOs) received 19% of the interactions. This is an improvement from the previous years where NPOs were able to garner less than double-digit level of engagements. This category includes community engagements, the University of Fort Hare, Buntu Boxing Association, Qonce Sports Veterans.

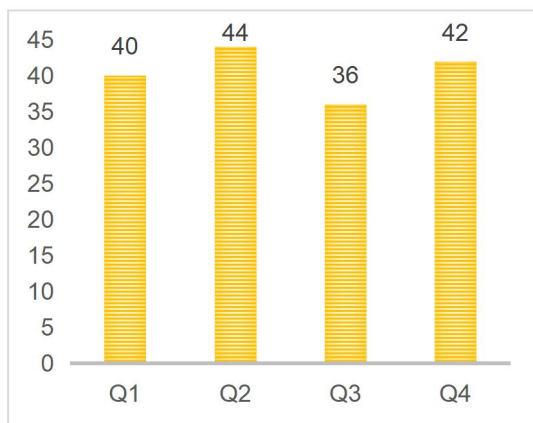


Figure 3: Government interactions over the year

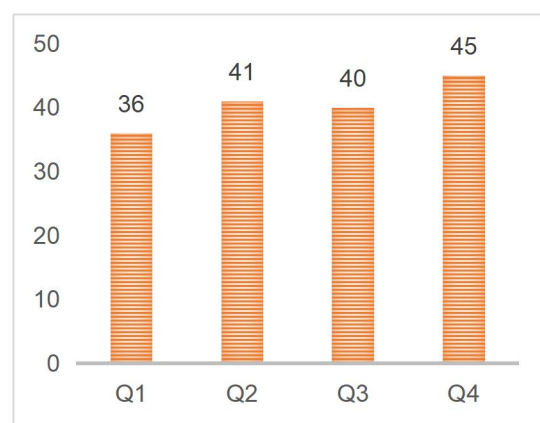


Figure 4: Private sector interactions over the year

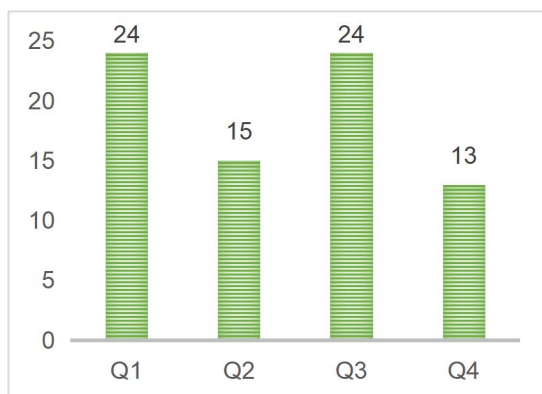


Figure 5: NPO interactions over the year

On the main, engagements with government and the private sector have been consistent throughout the year, engagements with NPOs however reflected fluctuations with quarter 2 seeing a drop from quarter 1 interactions, this picked up in quarter 3 only to fall in the last quarter.

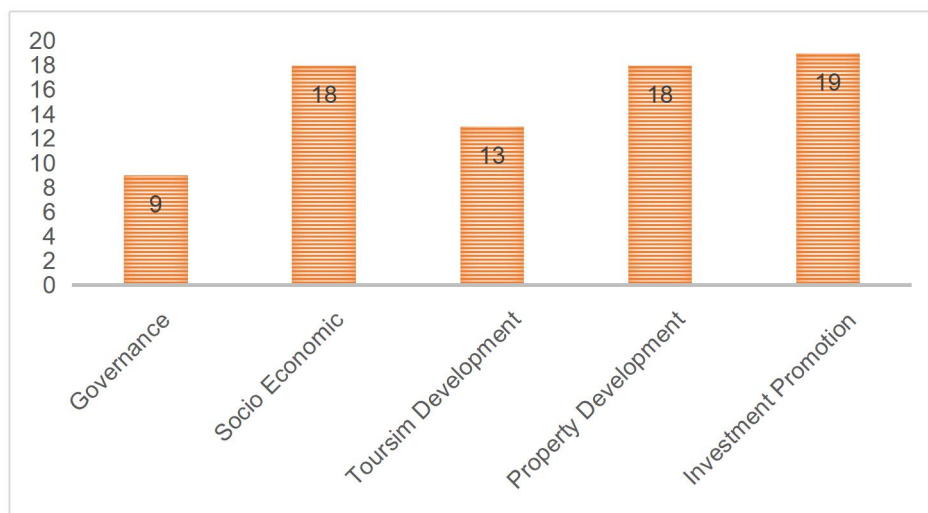


Figure 6: Q3 and Q4 # stakeholder engagements by sector

The agency received most of its engagements in the investment promotion area of work which accounted for 25% of recorded investments over the sample period¹ 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 significantly interacted with the potential investors for Victoria Grounds, Seaview Terrace, and Water World. BCMDA further worked with the private investors and developers to highlight key opportunities for increasing private sector investment in areas where there is state investment.

This area of interest was closely followed by the property development area of work of the agency which shared the same position as work on socio economic development.

¹ Sample period was the second half of the year, consisting of Q3 and Q4.

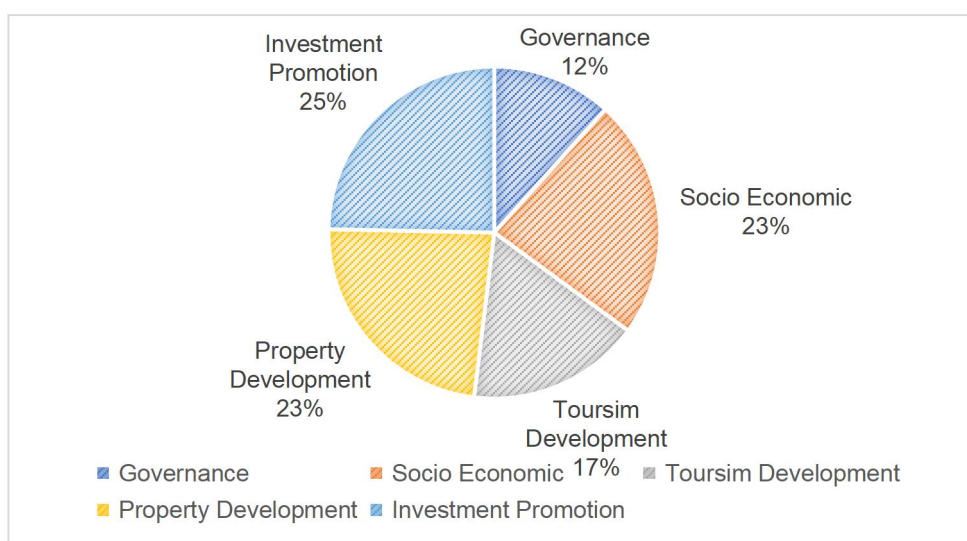


Figure 7: Q3 and Q4 % of stakeholder engagements by sector

Keen interest was shown from the public sector as well as the private sector in partnerships in our socio-economic projects. Some of our strategic partners in this space include the Border Kie Chamber of Business. Interest was also shown by Mercedes Benz to partner with the agency in the future. There was fair interest from stakeholders to engage in the area of tourism development, the South African Boxing federation as well as the Department of Sports Recreation Arts and Culture have shown interest in the BCMDA route development project and its storyline development process. The table below captures some of the notable engagements.

Table 10: List of stakeholder engagements

| Engagement | | | Primary Interest | Date |
|---|--------------------------|-----------------|--|-------------------|
| Eastern Cape Park & Tourism Agency | | | Property development & investment | 19 August 2022 |
| BCMM | Intergovernmental | | Alignment and progress on BCMDA projects | 19 August 2022 |
| BCMM | City | Planning | Commercialization of the East London Racetrack | 22 August 2022 |
| University of Fort Hare | | | Networking and partnership projects | 30 September 2022 |

| Engagement | Primary Interest | Date |
|---|--|------------------|
| National Treasury | Progress reporting on Duncan Village Programme | 3 October 2022 |
| Quigney Investors | Consultation and progress on BCMDA capital projects. | 13 October 2022 |
| Office of the Premier | District Development Model | 17 October 2022 |
| Institute of Waste Management of South Africa | Profiling BCMM and pastorships | 18 October 2022 |
| Twin City Development | Investment in Victoria Grounds Development | 23 October 2022 |
| Border Kie Chamber of Business | Progress on tourism development projects | 21 October 2022 |
| Chris Hani Development Agency | Benchmarking best practices on Buy-Back Centers | 8 November 2022 |
| Annual General Meeting | Presentation of BCMDA Annual Report | 15 November 2022 |
| Office of the Premier | Eastern Cape Investment Conference | 19 November 2022 |
| Qonce Sports Veterans & Sports Formations. | Victoria Sports Grounds Development | 26 November 2022 |
| Executive Mayor and MPAC | Project oversite (Court Crescent) | 30 November 2022 |
| BCMM City Manager | Safety Measures During the Festive Season | 22 December 2022 |
| Algoa FM | Water World Developments | 27 December 2022 |
| Eastern Cape Development Cooperation | BRICS Bank Funding Opportunities | 4 April 2023 |
| Mercedes Banz South Africa | Partnerships in Socio Economic Projects | 5 April 2023 |
| Transnet | East London Port Development | 3 May 2023 |
| BCMM Council Open Day | Public Service Engagement | 12 May 2023 |

| Engagement | Primary Interest | Date |
|--|---|--------------|
| Chippa United Football Club | Partnership prospects for stadium development | 31 May 2023 |
| Mkumkani FM | Duncan Village Buy Back center opening | 7 June 2023 |
| Department of Trade and Industry and Competition | Funding Instruments for Development | 12 June 2023 |
| BCMM Investment Conference | Investment discussions on China | 29 June 2023 |

COMPONENT D: CORPORATE GOVERNANCE

4. Risk Management

Buffalo City Metropolitan Development Agency subscribes to the principles of good governance and further is committed to carry out its activities in an effective and efficient manner through ensuring that risks are minimised, and opportunities are explored. Risk management forms part of management's core responsibilities and is an integral part of the internal processes of the Agency.

4.1 Risk Management Policy and strategy

The need for Risk Management is mandated by the Municipal Finance Management Act (MFMA), local government risk management framework, King report on corporate governance, ISO:31000 as well as COSO framework. The Risk management framework recommends that the Institution must operate within the terms of a risk management policy and strategy approved by the Accounting Officer / Authority. During the year BCMDA was operating within an approved risk management policy and strategy.

Risk Maturity Assessment and Implementation plan

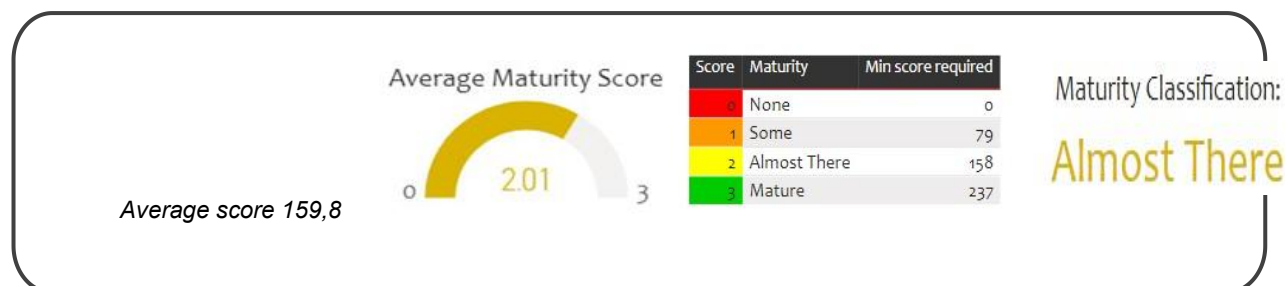


Figure 8: Risk maturity and implementation plan

An assessment of the risk maturity level of BCMDA had been taken through an online tool (RUBIQ) With the support of the Eastern Cape Provincial Treasury. The Agency took an approach of firstly conducting an individual risk maturity level and then consolidate the scores to come up with the organisational risk maturity level, The average score for the entire organisation remains at 159,8 this means we are not yet at the desired level.

To improve the risk maturity level, the Agency had developed risk management implementation plan, conducted risk management workshops, and integrated risk into its operations, processes, and planning.

4.2 Risk Assessment and Risk Reporting

The BCMDA's Board monitors risk through the Audit and risk Committee, which ensures that there is an effective risk management process and system in place.

There is regular and ongoing identification, evaluation, management, monitoring, recording, and reporting of risks with a view of improving the Agency's ability to manage and reduce the incidences that may have impact on the achievement of operational and strategic objectives.

ISO 3100 outlines the fundamental principles of effective risk management. These principles provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. These principles are described below:

Proportionate:

Risk Management activities must be proportionate to the level of risk faced by the organisation.

Aligned:

Risk Management activities need to be aligned with other activities of the organisation.

Comprehensive: To be fully effective, the risk management approach must be comprehensive.

Embedded:

Risk management activities need to be embedded within the organization.

Dynamic:

Risk Management activities must be dynamic and responsive to emerging and changing risks.

Following the emphasis outlined above, it has then therefore been important that BCMDA identifies the top major risks which will be the focus for the financial year. This does not in any way suggest that risks will not be identified, but rather suggests a more focused approach that will seek to take the Agency forward and close to realizing its goals. Risks will be assessed not only at the strategic level, but also at operational level and all risks will be effectively monitored considering their level of severity.

4.3 Strategic Risks of the Agency

Strategic risk identification is to identify risks emanating from the strategic choices made by the Agency, specifically about whether such choices weaken or strengthen the Agency's ability to execute its mandate will be carried out. The Strategic risks identified will be documented, assessed, and managed through the normal functioning of the system of risk management. The following risks remain as BCMDA strategic risks:

1. Inability to implement the Tourism Infrastructure Master Plan (TIM)
2. Failure to create an enabling environment to foster economic development and attract new investment to the city.
3. Withdrawal of investors on Mega Projects
4. Inability to promote investment
5. Delays in project implementation
6. Poor quality assurance of newly constructed property
7. Identification of land parcels for future development
8. Inability to capacitate local SMME's
9. Lack of financial sustainability
10. Inability to deliver on the mandate
11. Cyber security attacks
12. Inability to act in the event of Disputes & Litigation
13. Non-Compliance with the POPI Act

Table 11: Strategic Risk register

| Outcome | Output | Risk Category | Risk Name/ Description | Existing controls | Mitigation Measures/Action Plans |
|---------|--------|---------------|---------------------------|-------------------|----------------------------------|
|---------|--------|---------------|---------------------------|-------------------|----------------------------------|

| Outcome | | Output | Risk Category | Risk Name/Description | Existing controls | Mitigation Measures/Action Plans |
|---------|---|--|----------------------|--|---|---|
| 1 | Dynamic Tourist attraction | To collect and disseminate robust tourism, market, research, and intelligence. | Economic Environment | 1.Inability to implement the Tourism Infrastructure Master Plan (TIM) | <ul style="list-style-type: none"> - Implementation of Tourism growth strategy (BCMM) - TIM 1 finalised. - Approved implementation plan of TIM - Establish specific tourism coordinating structures. - Funding proposal have been developed (Tourism hub) - Funding secured from the National Treasury to support Route Development through public art development as well as beautification/ landscaping of TIM focus areas | <ul style="list-style-type: none"> - Implementation of TIM Phase 2 (Development of implementation) - Mobilize additional resource from external alternative funding sources Lotto, dept tourism, - Develop funding proposals for projects |
| 2 | Attractive home for global investments and sustainable economic development | Increased investment in Tourism, Property, and Industrial sectors. | Economic Environment | 2.Failure to create an enabling environment to foster economic development and attract new investment to the city 3. Withdrawal of investors on Mega Projects 4. Inability to promote investment | <ul style="list-style-type: none"> - Continuously engage investors and hold annual Investment conferences. - Participation in investment promotion mission of BCMM. - facilitate access to Land for investment. - City International trade & investment(T&I) agreements are in place. - The Service provider is appointed to develop the investor support program. - Project profiles on BMDA catalytic projects had been developed. - A marketing and Communication Agency has been appointed to support investment packaging and promotion initiatives. - Total collapse of well-established investments - Loss of returns on investments & potential investment opportunities | <ul style="list-style-type: none"> - Development and implement an Investor Support Program (ISP) - Establishment of partnerships with BCMM / Province to participate in one - stop shop initiatives for investment promotion. - Develop Agency marketing program to promote tourism and investment opportunities. - City International trade & investment(T&I) agreements reviewed and assessed. - On going engagements with investors and looking for new investors in the market. - Facilitate the executive educational programs on investment to ensure a informed organisation on investment |
| 3 | A robust property market | To revitalize local [both urban and rural] spaces | Project Management | 5.Delays in project implementation | <ul style="list-style-type: none"> - Continuous engagements with the city. - Council resolution on Land parcels. - Submission of funding proposals for additional | <ul style="list-style-type: none"> - Continuous engagements with the city and potential funders. - Establish a fast-tracking mechanism for BCMDA approvals. - Land Availability Agreement to be signed by the City. |

| Outcome | | Output | Risk Category | Risk Name/Description | Existing controls | Mitigation Measures/Action Plans |
|---------|---|---|---|--|---|--|
| | | within the Metro. | | | <ul style="list-style-type: none"> projects - Further engagements through the annual investment conference with potential partnerships and investors | |
| | | To develop acquired land. | | | | |
| | | To facilitate the development of strategic projects through partnerships. | Loss/ theft/ damage of assets and resources | 6. Poor quality assurance of newly constructed property | Facilities management team in place to develop the maintenance plan. | <ul style="list-style-type: none"> - Draft Property Management Policy and Procedures manual is developed. - Organisational structure review will be conducted to ensure the Property management function is well capacitate. - Draft maintenance policy in place - Implementation of Property & maintenance policies and procedure manuals |
| | | | Property management | 7. Identification of land parcels for future development | Continuous engagements with the city. | Raise with Mayor to address. BCMDA to propose or highlight potential sites. |
| 4 | Delivered Socio-Economic development programs | Enable inclusive tourism, property, and industrial economic sector through investments. | Economic Environment | 8. Inability to capacitate local SMME's | <ul style="list-style-type: none"> - Database developed for SMMEs to access funding. - 30% value of tenders sub-contracted to local SMMEs (sub-contracting - PPFA 2017) - 30% value of tenders sub-contracted to local SMMEs | <ul style="list-style-type: none"> - Assist SMMEs with access to funding, skills. - Development of the Strategy to give guidance towards development capacitation and access to market. |
| 5 | A well governed and viable agency | financial sustainability | Financial Management | 9. Lack of financial sustainability | <ul style="list-style-type: none"> - Budget allocation from the parent municipality to ensure, construction projects continue as planned. - Approved Financial sustainability strategy in place. - FSS Plan being continuously implemented and monitored as follows: - PM Fees collected amount to R5.1 million year to date. - Interest on investments amounts to R613 834.19 year to date. - Operational grant from | <ul style="list-style-type: none"> - Continuous implementation of the financial sustainability implementation plan - Continue with the collection of Project Management Fees to enhance own revenue as stipulated in the Board approved financial sustainability strategy. - Continue to reinvest available funds with panel of investment bankers. |

| Outcome | Output | Risk Category | Risk Name/Description | Existing controls | Mitigation Measures/Action Plans |
|---------|---|----------------------------|---|--|---|
| | | | | <p>the City amounts to R42million year to date.</p> <ul style="list-style-type: none"> - Developmental Levy from development of land parcels not yet realised due to slow progress on conclusion of development agreements. | |
| | Effective corporate services to support the organization mandate | Human resources management | 10. Inability to deliver on the mandate | <ul style="list-style-type: none"> - Introducing of Competitive remuneration - Human Resource policies and procedures in place - Health and Safety committee in place - Workplace committee in place - Wellness program in place. - Performance agreements for staff - The remuneration specialist service provider is appointed to review the salary grades of the Agency. | <ul style="list-style-type: none"> - Execution of the Organisational development program, including the recruitment of the identified roles - Board of Directors: City to continue appointing properly skilled and qualified members are brought onto the board. Ensure stakeholder consent in appointments. - Additional Mitigating factors when managing Executive continuity: - Effective management of recruitment process, ensure process to recruit has sufficient time, manage change and continuity in key roles. When recruiting, must consider continuity requirements. - Staggered contracts for executives - Depth of skills must be ensured at management level as well (middle and lower management) and must be included in the succession and talent management strategy. |
| | Efficient and effective Information Technology and Knowledge Management Service | Information Technology | 11. Cyber security attacks | <ul style="list-style-type: none"> - Information security policy and procedures - Malware and anti-virus Policy are in place - Implementation of network firewall - Patch management - Disaster Recovery Plan in place - Active directory (Access control) - Implemented Cloud-based Backup and Recovery Solution - Implementation of laptop backup solutions - implementation of encryptions solution (Data Security) - Enabled multi-factor authentication | <ul style="list-style-type: none"> - Continuously restoration of testing of data integrity - Cyber security awareness training - Conduct a cyber security risk assessment (sharing of lesson learned, emerging risk and plans) - Appointment of additional human resources within ICT |
| | Effective | Litigation | 12. Inability | <ul style="list-style-type: none"> - Legal Services to draft, | <ul style="list-style-type: none"> - To have legal advisory panel to bring |

| Outcome | Output | Risk Category | Risk Name/Description | Existing controls | Mitigation Measures/Action Plans |
|---------|--------------------------------|-------------------------|--|--|---|
| | and sound corporate governance | | to act in the event of Disputes & Litigation | review and monitor contracts and lease agreements. - SCM Unit updates the contracts register and monitor the contracts of the organisation | together legal experts and advise the agency on technical issues. - Appoint the addition human resource to assist the COSMEC |
| | | Compliance & Regulatory | 13. Non-Compliance with the POPI Act | - The POPI Act Compliance assessment tools developed to assess the status of compliance. - Documents and records risk assessment was conduct; necessary action was made to improve the system of our records. - Application is submitted to appoint the Information officer and Deputy information officers. POPI Act trainings was Conducted during Q4 | - Implementation of the POPI Act requirements as outlined on the tool developed. - Develop and implement the POPIA Compliance framework. - Conduct impact assessment update the PAIA Manual, Roll out awareness / training sessions) - Audit the status of POPIA Compliance - Develop and implement the Document and records movement policy, - Data Protection policy |

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 MFMA officials are as follows:

Table 13: Financial Disclosures for Senior Management

| No | Surname | Full name | Designation | Declaration form |
|----|--------------|-----------|---|------------------|
| 1 | Ntsodo-Boyce | Vicky | Chief Financial Officer | Yes |
| 2 | Hangana | Thulisiwe | Executive Manager: Property Planning & Development Management | Yes |
| 3 | Tongo | Thembeke | Chief Investment Officer | Yes |
| 4 | Govender | Kasavan | Executive Manager: Strategy & Research | Yes |

4.7 Compliance with laws and regulations

BCMDA has a compliance register which regulates the state of compliance with the applicable laws and regulations. The register is updated to ensure that all the divisions adhere to the requirements. Further there are policies and procedures that employees abide by, which are made available to each employee. Further the Internal and External Auditors provide assurance that the Agency is compliant and make the necessary recommendations where applicable.

4.8 Anti-corruption and Fraud

The system of internal control applied by the Agency over anti-corruption and fraud which is Fraud Prevention Policy and Plan is approved by the Board. There are currently no reported fraud and corruption matters to the Agency.

4.9 Information and Communication Technology (ICT) Governance

THE 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 intervention 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:

- 12 September 2023
- 06 February 2024
- 12 May 2024
- 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 date information in case of disaster.

The Agency has also appointed the East London IDZ for hosting the BCMDA Disaster recovery (DR) server. The main site server is configured to send full backups to the DR server two times a day and transactions changes are replicated every 30 minutes between the two sites.

As part of disaster recovery planning the ICT unit conducts Disaster Restoration Testing and Failover test on quarterly basis. Business users conduct test by connecting to the DR server and confirm if they are able to login and view their most recent changes they performed on the production server.

COMPONENT E: SERVICE DELIVERY AND PERFORMANCE

5. Strategy overview

The BCMDA is an agency of the Buffalo City Metropolitan Municipality, seeking to create a vibrant, integrated, and inclusive Metro. The core ideology of the BCMDA is captured in its Vision, Mission and Core Values, as detailed below.

Vision

An innovative agency that catalyses investment opportunities for a vibrant, integrated, and inclusive city.

Mission

To build a vibrant, integrated, and inclusive city through promoting investment in property, tourism, and socioeconomic development for the benefit of citizens.

Values

As BCMDA we will strive to **perform** our functions in a **professional** and **transparent** manner guided by the highest levels of **integrity** whilst delivering high **quality** products and services and **accountable** to our stakeholders. The BCMDA has therefore defined the following guiding values in its operations:

- Agility
- Innovation
- Integration and alignment
- Efficiency and effectiveness
- Accessible
- Professional and Accountable

5.1 Mandate

The BCMDA is a municipal entity wholly owned by the Buffalo City Metropolitan Municipality, established as a profit company in 2016, in terms of the Companies Act, 1973 as amended. This allows the Agency to transact, generate funds and have a borrowing capacity to carry its mandate to increase economic growth through tourism, economic and social development as well as property management and commercialisation.

The BCMDA is established as a juristic person operating as a municipal entity, which has been classified in terms of the Municipal Finance Management Act. As an entity of BCMM, the BCMDA thus extends the BCMM's capability with respect to the identification, planning and implementation of development projects for the benefit of the entire municipal area.

According to Chapter 8A S86B (1)(a) of the Municipal Systems Act 44 of 2003 (MSA), a provision is made of a private company as a municipal entity. The amended act provides: the municipality may establish a private company for purposes of performing a function or power in accordance with business practices in order to achieve the strategic objectives of the municipality more effectively and to the benefit of the community.

In 2011, the Buffalo City Municipality attained a metropolitan status, which subsequently led to a revision of its organisational structure to align to the metro requirements. This resulted in the incorporation of BCMDA, with a new mandate. The primary mandate of the Buffalo City Metropolitan Development Agency is to:

- Attract investors into Buffalo City,
- Increase economic growth through tourism, economic and social development and
- Property management and commercialisation.

The mandate was approved by the council on 11 December 2015 and is summarised below:

- a. Property Development – regeneration of the city through the effective acquisition and management of land and buildings,
- b. Tourism Development – act as a tourism agency and promote tourism within Buffalo City,
- c. Investment Promotion – promotion and facilitation of investment in the City, and
- d. Socio-economic Development – the facilitation of programmes and projects geared towards socioeconomic development within the City.

5.2 Strategic Goals

The Buffalo City Metropolitan Municipality strives to realise the following 5 strategic outcomes by the year 2030, which the BCMDA has a big role to play towards their achievement:

- a. **An inclusive and sustainable economic growth** – with rapid and inclusive growth, and falling unemployment,

- b. **A clean and environmentally sustainable city** – environmentally sustainable with optimal benefits from our natural assets. A clean and health city of subtropical gardens,
- c. **A globally connected city** – high quality (and competitively priced) connections to ICT, electricity, and transport networks (inside the city and to the outside world),
- d. **A spatially transformed city** – the spatial divisions and fragmentation of the apartheid past are progressively overcome, and township economies have become more productive, and
- e. **A well governed city** – a smart and responsive municipality (working with other levels of government) that plans and efficiently delivers high quality services and cost-effective infrastructure, without maladministration and political disruptions.

The Metro Growth and Development Strategy (MGDS) is set as the City's foundation for the future, aimed at mobilising partners and stakeholders to work together towards shared programme goals, encouraging business and stakeholders to commit to a common vision. BCMDA has a critical role to play in ensuring the City realises its strategic aspirations by performing both a facilitation function as well as a delivery function.

The BCMDA impact statement for the 5-year strategic period is:

Creating a uniquely homecoming African-global city that drives inclusive opportunities and prospects that improve the quality of life for its citizens

Following from the impact statement, the organisation set five strategic outcomes, which will be measured over the five (5) year period, forming part of the 5-year strategy. The strategic outcomes for the organisation over the term are:

- a. dynamic tourist attraction,
- b. attractive home for global investments,
- c. a robust property market,
- d. delivered socio-economic development programmes, and
- e. a well-governed and viable agency.

5.3 The BCMDA value-chain

The BCMDA's mandate articulates the role of property development and management in generating value for the city. The agency is mandated with attracting investments into the Metro to fuel growth in Tourism, Economic and Social Development. As part of the strategy review process, the BCMDA value-chain was revisited and revised, as per the 2021 – 2026 Strategic Plan. The current value chain of the agency is set up towards realizing that mandate, as per the figure below.

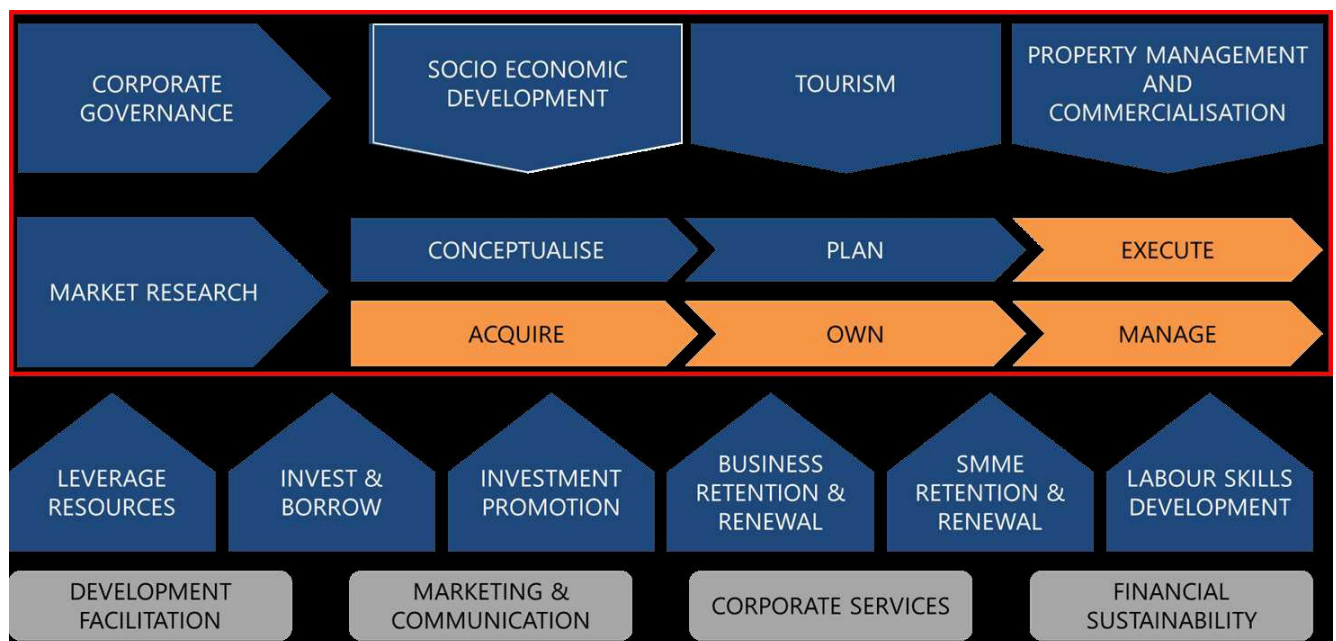
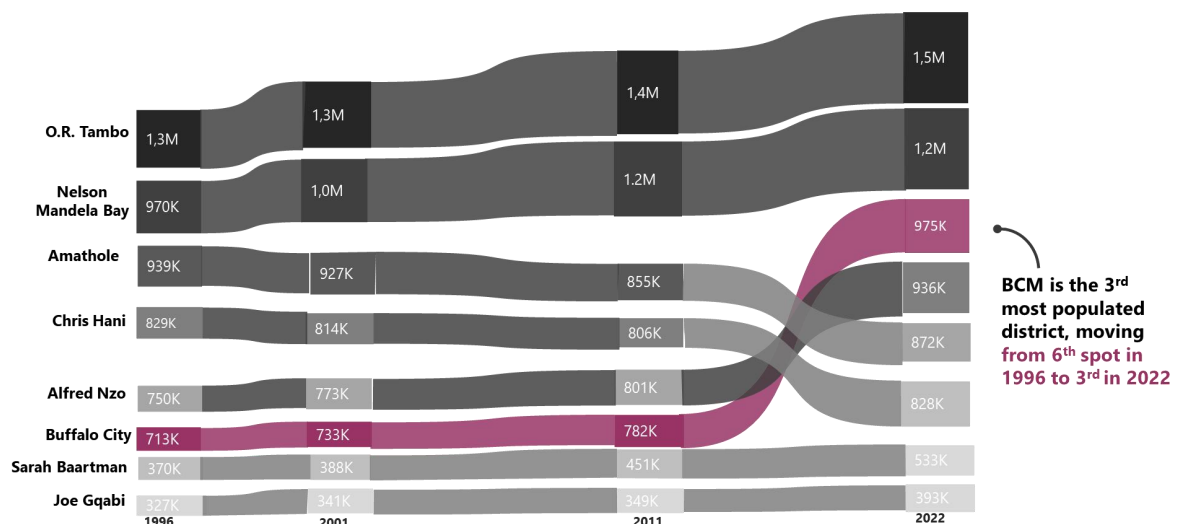
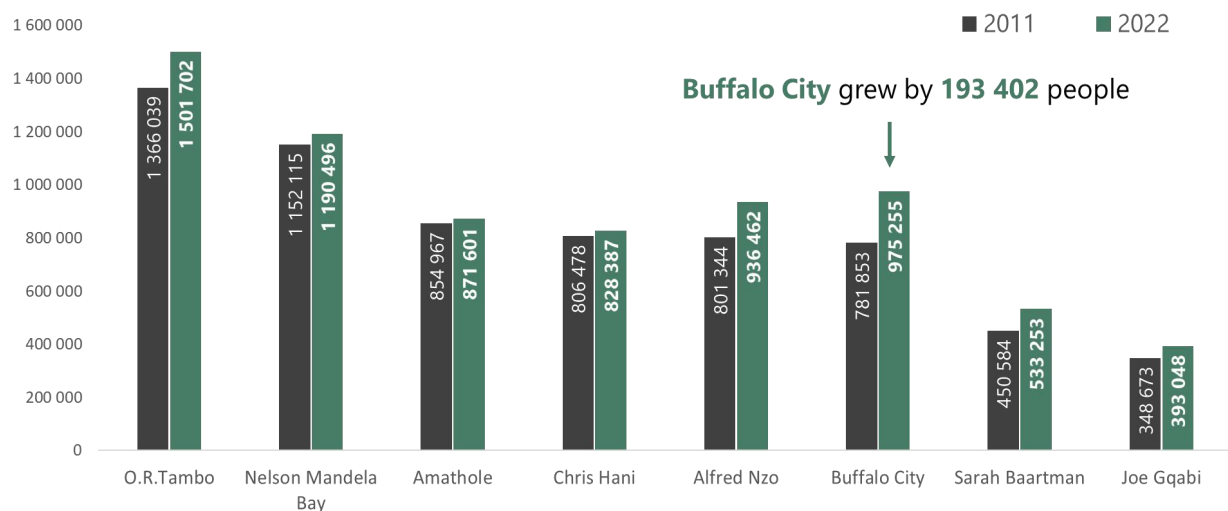


Figure 9: BCMDA value chain

5.4 Economic information of the City

During the year under review the Agency operated with the following economic conditions in exercising the implementation of its mandate. The Agency has three areas that need to be considered for the reporting period namely investment promotion, tourism and gross domestic product. According to the situational analysis of the City the following is evident:

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 12: 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 13: 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 |

| | Buffalo City | Eastern Cape | National Total |
|-------------------------------------|--------------|--------------|----------------|
| 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.

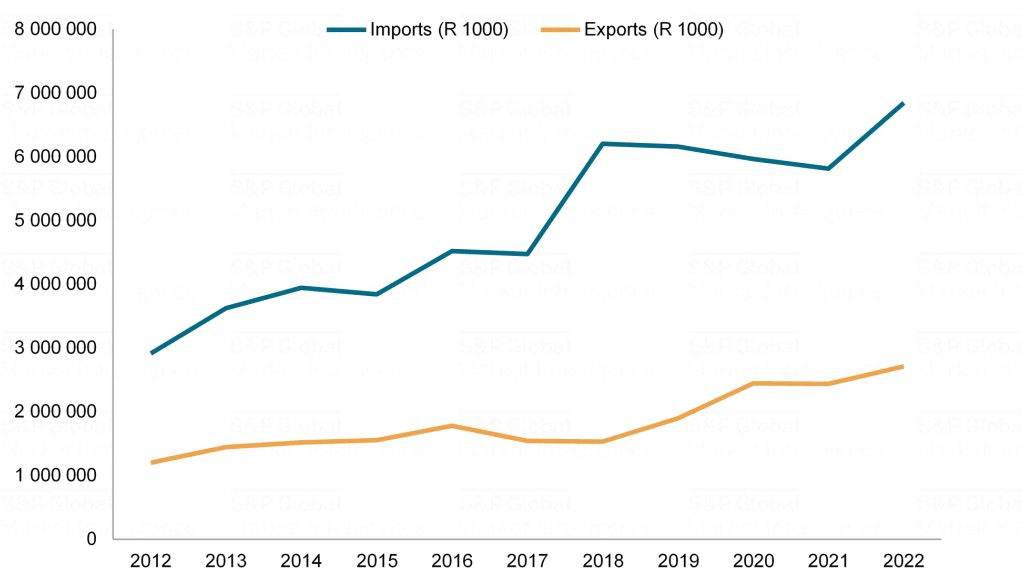


Figure 10: Import and exports in Buffalo City Metropolitan Municipality, 2012-2022 [R 1000]

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 of

- 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). Its 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.

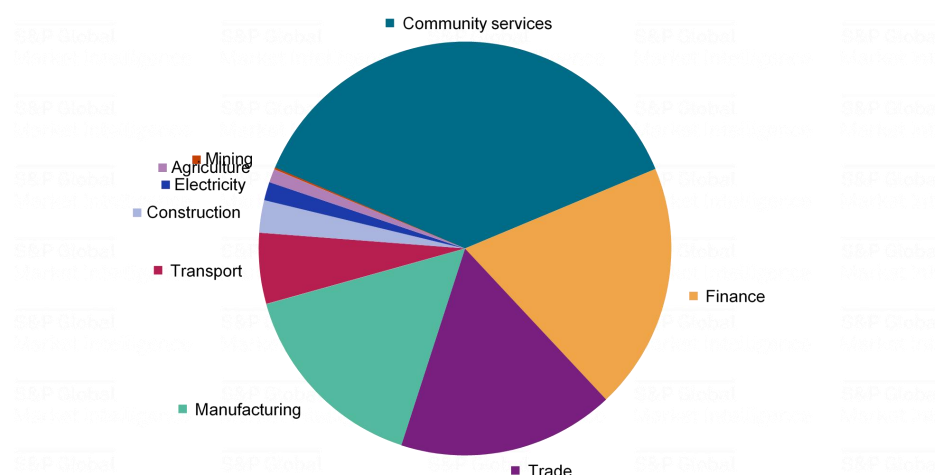


Figure 11: Gross value added (GVA) by broad economic sector - Buffalo City Metropolitan Municipality, 2022 [percentage composition]

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.

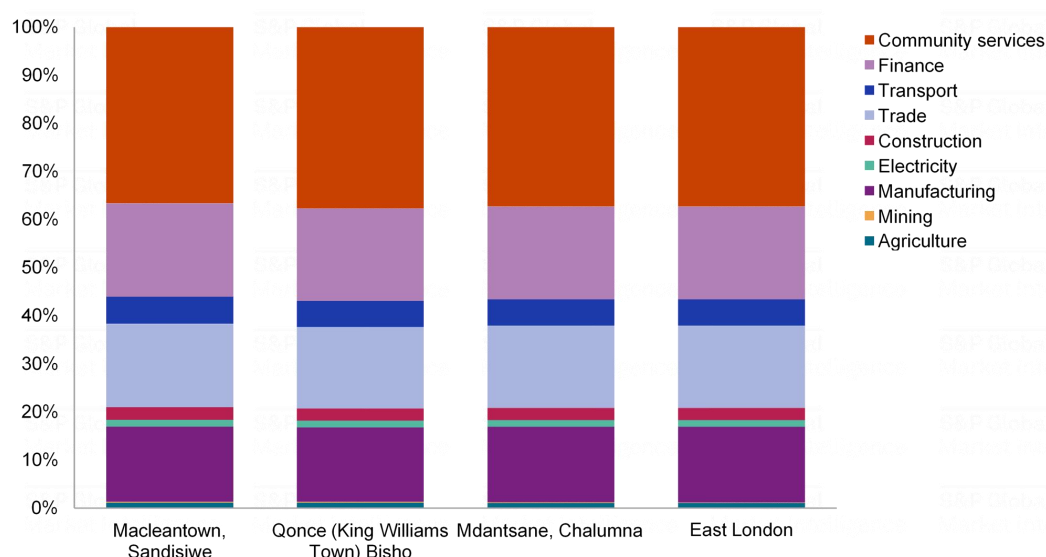


Figure 12: Gross Value Added (GVA) by broad economic sector - sub-metro regions of Buffalo City Metropolitan Municipality, 2022 [percentage composition]²

- 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

² Source: IHS Markit Regional eXplorer version 2201

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 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 14: 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.

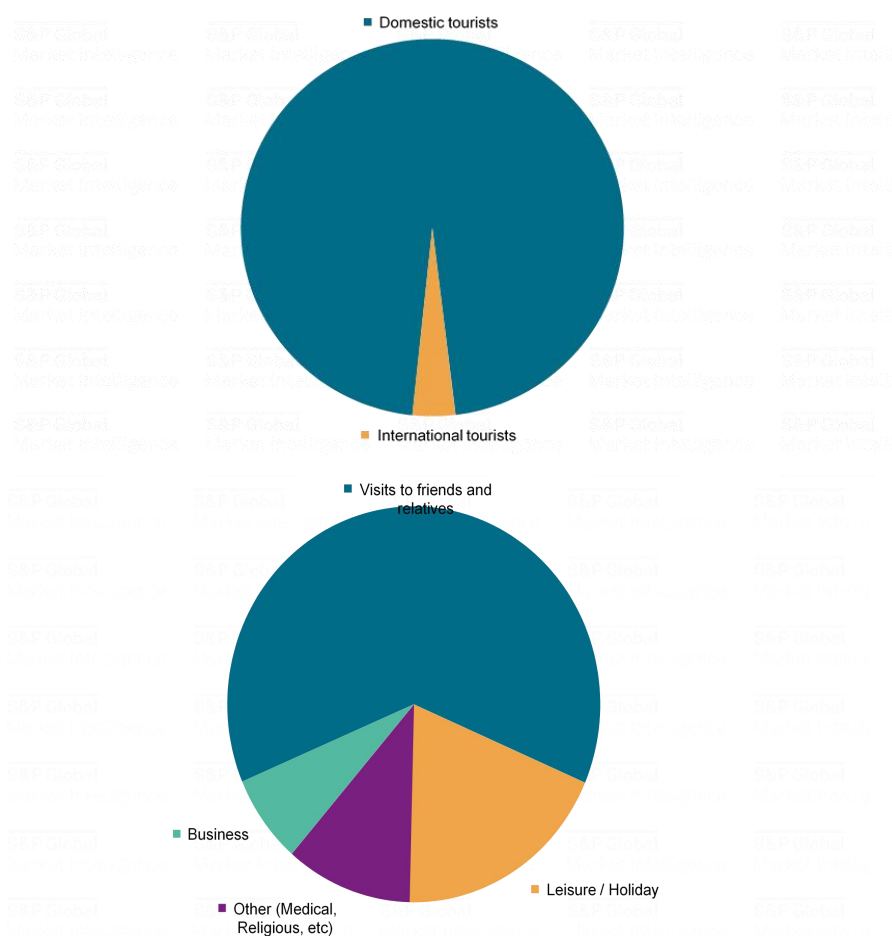


Figure 13: Tourists by origin - Buffalo City Metropolitan Municipality, 2022 [Percentage]

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.
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5.5 Organisational performance against predetermined objectives

The Agency developed its annual performance in fulfilment of the provisions of MFMA and Local Government Systems Action to monitor and evaluate implementation of the strategy. The performance scorecard details all the KPI's that the ECDC has in its annual performance plan and the deviations to the target for financial year are depicted below. During the year the Annual performance plan was reviewed and approved twice resulting the final performance tables listed hereunder. Statistically, the following summary of achievements were made per goal which is expanded in the tables hereunder.

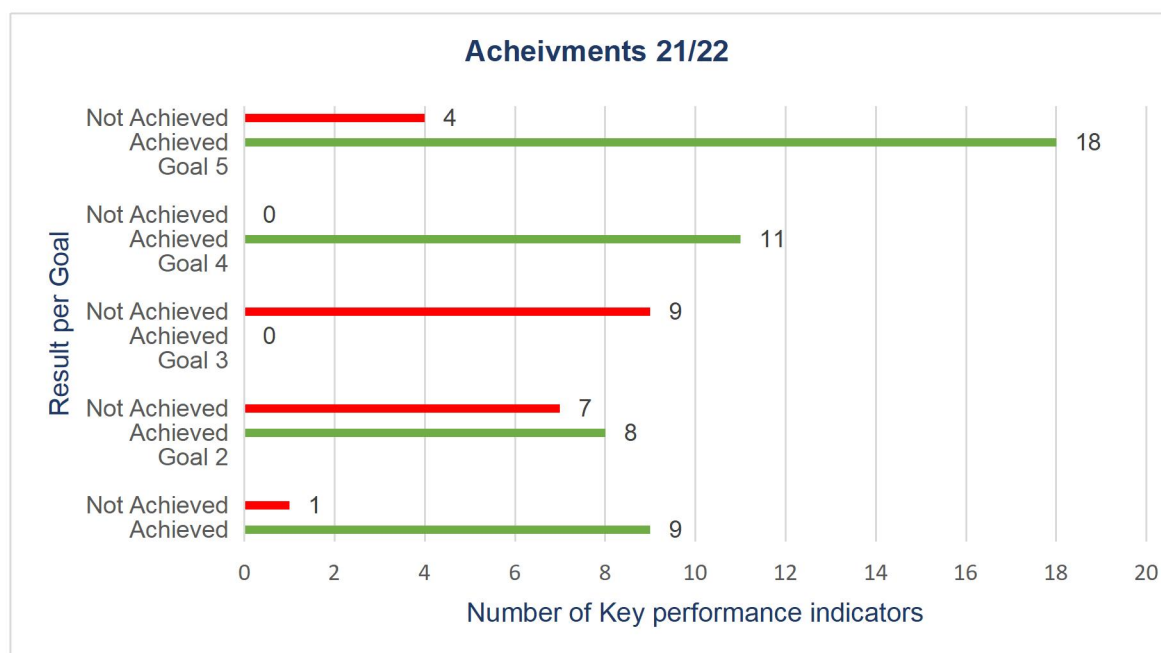


Figure 14: Achievements in outcomes for 21/22

5.5.1 Introduction

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5.5.2 Strategy overview

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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:

Table 15: BCMDA Values

| BCMDA values | What it means to us |
|-------------------------------------|--|
| Agility | It means that we are able to change and adapt in response to changes in environment. |
| Innovation | It means that we are resilient providing cutting edge solutions to meet customer, stakeholders, and workplace challenges |
| Integration and alignment | Its means we have the same vision, mission , impact statement and values with those we serve. |
| Efficiency and effectiveness | It means we are stewards, always prudent yet balanced in our delivery |
| Accessible | It means we are always available to fulfil our vision. |
| Professional and accountable | It means we have integrity, honesty, open and fair with all our dealings |

5.5.3 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.

5.5.4 BCMDA strategic goals

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.

5.5.5 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.

- 5.5.5.1** 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 16: 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 and Esplanade and are available online. | None |
| Number of public art features installed | 3 public art features installed | NIL | Achieved | These public art features were in: - Steve Biko Bridge, - Southernwood Park, | None |

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments | Corrective Measure |
|---|---|-------------------------|-------------------------|---|--|
| | | | | - Oxford Street. | |
| Number of events attracted to BCMDA facilities. | 5 Events attracted to BCMDA facilities | NIL | Achieved | <p>The events were:</p> <ul style="list-style-type: none"> - 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 | <p>4 parcels were identified.</p> <ul style="list-style-type: none"> - 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

5.5.5.2 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 17: 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 | Achieved | All the documents necessary for development of the sites have been sourced from the City. | None |

5.5.5.3 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:

- Office of the CEO, inclusive of Strategy, Research, Risk, Fraud and Compliance Management and Internal Audit.
- Chief Financial officer, inclusive of Supply Chain and financial management.
- Corporate Services, inclusive of Human Capital, Information Communication and Technology (ICT) and document management.
- Legal and Company Secretary.

Table 18: 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 | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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. | None |

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments/ Challenges | Corrective Measure |
|--|---|-------------------------|-------------------------|--|--|
| | | | | <ul style="list-style-type: none"> - 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 contracts register was performed | |
| Improved Audit Outcome | Unqualified Audit Opinion without findings | R 997 360 | TBC | n/a | To be determined 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 recommendation s 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 |

| Output Indicator | 2023/24 Annual Targets | Adjusted 2023/24 Budget | Achievements / Progress | Comments/ Challenges | Corrective Measure |
|---|---|---|-------------------------|---|--|
| | | | | | ODD Project |
| Submission of all staff performance related documents | <ul style="list-style-type: none"> - 100% of PC/ work plan and PDP - 100% submission of disclosures - 100% submission of performance reviews | R 314 686 | Achieved | N/A | n/a |
| 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 |

5.6 HIGHLIGHTS OF SERVICES PROVIDED PER PROGRAMME

As outlined in the previous chapter the mandate of the BCMDA is to attract investors into Buffalo City and increase economic growth through tourism, economic and social development, and property management and commercialisation. This mandate is carried out through five outcomes.

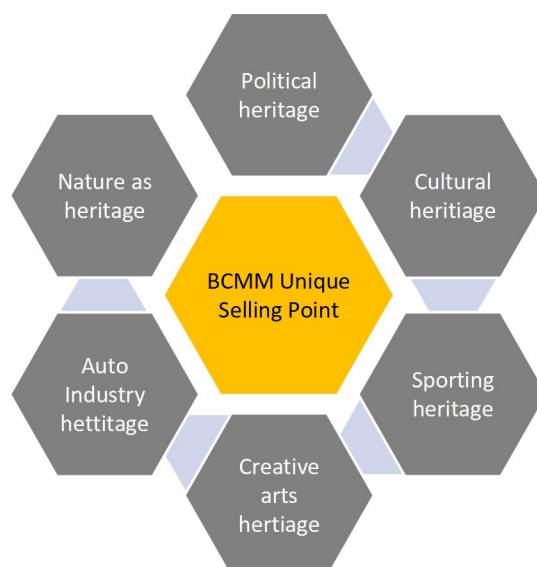
- Outcome 1: Dynamic Tourist attraction
- Outcome 2: Attractive home for global investments and sustainable economic development
- Outcome 3: A robust property market
- Outcome 4: Delivered Socio-Economic development programs
- Outcome 5: A well governed and viable agency

5.6.1 Outcome 1: Dynamic tourist attraction

5.6.1.1 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. In undertaking its work of advancing tourism development, the BCMDA shall focus its efforts on three



core pillars:

Figure 1: Tourism planning model

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.

5.6.1.2 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.

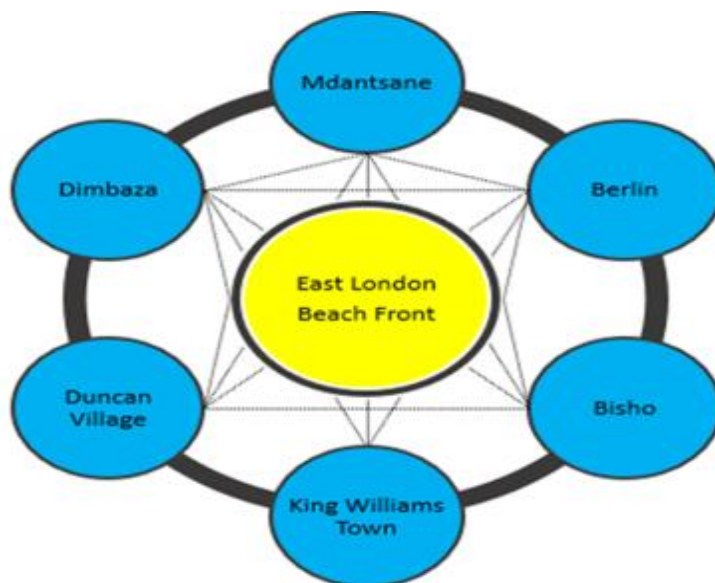


Figure 15: Route development matrix

This model proposes that a tourism hub be established on the beachfront which will serve as a gateway to the Metro and have its own distinct route. From the hub are various other nodes that are developed into complimentary routes and produced in line with the Spatial Development Framework of the Metro. These include Duncan

Village, Mdantsane, Ntabozuko, Qonce-Zwelitsha-Bhisho as well as Dimbaza. To date routes have been developed in the Esplanade, Duncan Village and Mdantsane.

5.6.1.3 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 16: Esplanade interpretive boards

5.6.1.4 Duncan Village Route

Interpretive boards were also developed as well as a route concept and business cases. Furthermore, the Agency undertook embarked on a 2nd round of consultation with stakeholders on the content of Duncan Village.

5.6.1.5 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.

5.6.1.6 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 17 : Consultation and Exhibition on Route Development in Qonce

5.6.1.7 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.

5.6.1.8 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.

6.



Figure 18 : 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 19: 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.

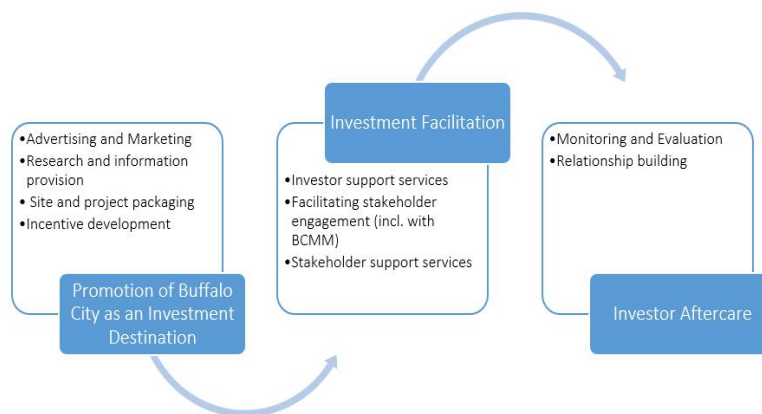


Figure 20: Investment Management flow

5.6.2.2 Property Investment Projects

a. Marina Glen A:

The BCMDA has targeted this site for mixed development. This may include retail, office space as well as accommodation. The 3,1-hector site is located at the heart of the East London Beachfront and is in walking distance to several amenities including restaurants, entertainment parks and sporting grounds. During the year under review, the Agency was able to secure a potential investor for the property. The proposed development was presented and endorsed by Council during a special workshop facilitated by the BCMDA and the Office of the Speaker. The Agency has commenced with deal negotiations for the property.

By the end of the financial year the agency had attracted an investor to the property with an investment proposal of R 912 million. BCMDA commended with the groundwork for negotiations, this included the revision of its investment term sheet and ensure a better and more robust bargaining position on the following elements: lease term; local equity participation, BCMDA equity participation, lease payments as a % of gross rentals per annum; BCMM/ BCMDA equity participation; annuity payment from operating company and proceeds from sale of building.

b. Seaview Terrace:

The BCMDA has targeted this site for hotel development. The 1,05-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 attract an investor to the property with an investment R 355 million. Negotiations were held with the developer in the following year and this this resulted to the conclusion of a notarial lease and the transfer of the property. Due to number of administrative changes the project was stalled for some time. During this financial year, BCMDA significant progress was made towards completing the development agreement.

Work also took place to have further negotiations with the investor this included the revision of its investment term sheet and ensure a better and more robust bargaining position on the following elements: lease term; local equity participation, BCMDA equity participation, lease payments as a % of gross rentals per annum; BCMM/ BCMDA equity participation; annuity payment from operating company and proceeds from sale of building.

c. Sleeper Site:

The BCMDA has targeted this site for mixed-used development. This may include retail and a municipal precinct. The proposed development specifically seeks to address the lack of office for the metro as well as to provide accommodation for students, amongst other purposes. The 13,6-hectare site is located 5 minutes' drive to the city centre and five minutes to the beachfront, making it perfectly central for work and play. During the year under review, the Agency was able to secure a potential investor for the property.

The proposed investment value for the project is an investment proposal of R4.6 billion. During the year under review the BCMDA commended with the groundwork for negotiations, this included the revision of its investment term sheet and ensure a better and more robust bargaining position on the following elements: lease term; local equity participation, BCMDA equity participation, lease payments as a % of gross rentals per annum; BCMM/ BCMDA equity participation; annuity payment from operating company and proceeds from sale of building.

d. Victoria Grounds Development:

Located on the hustling and bustling streets of the King Williamstown central business district, this 1,6-hectare site is targeted for retail development as well as for sporting and eventing opportunities.

An investor was awarded development right to the property during the previous financial year. The investment value of the awarded investor was R 350 million. Deal negotiations took place between the parties, this resulted in the drafting of a motorial lease as well as a development agreement. The deal also included the incorporation of a portion of Sweetwater property that would be used to house the new proposed sporting grounds. For this purpose, a resettlement agreement was drafted.

Progress on the project has been delayed due to consultation process with sections within the local community on the exact development path the project should follow. A key point at the center of divergence in the development path is due to the impact and management of the legacy and heritage aspects of the Victoria Grounds. The BCMDA has been active in charting a wayward in this regard and it is anticipated that these challenges will be delt with effectively dealt with in the beginning on the next financial year.

e. Latimer's Landing Development:

As part of the holistic development of the beachfront, as well as port development process, the BCMDA conducted a feasibility study on the prospects for developing Latimer's Landing. This work was undertaken with the consent of the Port of East London. The potential land uses for this development will be as follows namely Hotel, Retail, Office, Residential and Boutique Residential

The BCMDA has been engaging Transnet Port Authority and Transnet to look at a workable approach that can draw-in investment into this precinct as part of broader waterfront development.

f. Signal Hill Development:

As part of the holistic development of the beachfront, as well as the port development process, the BCMDA conducted a feasibility study on the prospects of developing Latimer's Landing. This work was undertaken with the consent of the East London Ports Authority. The potential land uses for this development will be as follows Business Centres, Spa Retail, Conference Centre, Hotel and Port Offices.

These projects are anticipated to create thousands of jobs during their development and operational stages. They will also create much needed infrastructure that supports tourism. The quality of life in BCMM should equally improve from these interventions. Last but not least, it is the intention that a large percentage of funding for these projects come from the private sector augmenting that provided by the

municipality. Discussions between BCMDA, BCMM and Transnet has provided some guidance on how best to approach these port projects without taking away from core qualities.

5.6.2.3 Investment Platforms attended:

As part of its profiling and marketing the Metro, the BCMDA continues to participate in number on platforms that seek to attract investment into the Metro. During the year under review some of the notable engagements that the agency participated in include the Buffalo City -China Partnership conference that was held in East London. The agency also participated in the South Africa- China virtual Conference led by the honorable Executive Mayor and the Hon South African Ambassador to China, His Excellency Cwele. The Provincial Investment Conference continues to be a milestone in the provincial investment calendar where it provided updates on its investment programmes.

As part of its aftercare investment agenda, the agency continues to engage exiting investors in East London, these engagements have been on a one-on-one basis but also through group sessions consultations. A notable engagement in this regard was with investors in the Quigney and West Bank wards. The platform allowed for the agency to get an indication of some of the critical challenges and opportunities for the private sector. The engagement also allowed for the agency to share progress on its capital projects and future property investments.

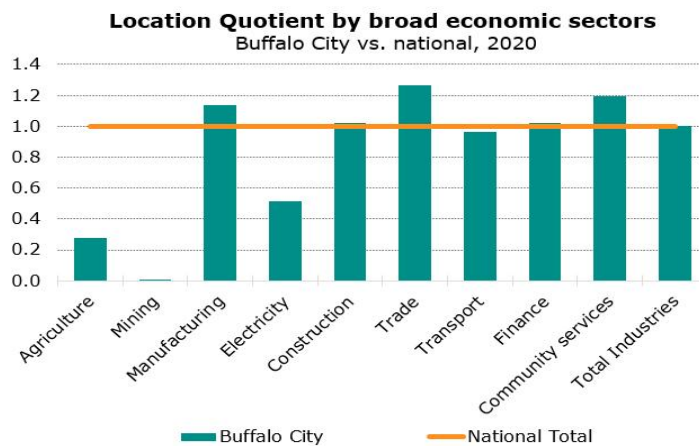
The agency has also been instrumental in participating in the in setting up the investment governance structures at provincial level, to this regard it has been a frequent participating the provincial investment committee that has been tasked with setting up the Provincial Investment Committee. Interest on partnerships has been expressed by Mercedes Benz South African to work closer with the agency.

5.6.2.4 Assessment of the current context.

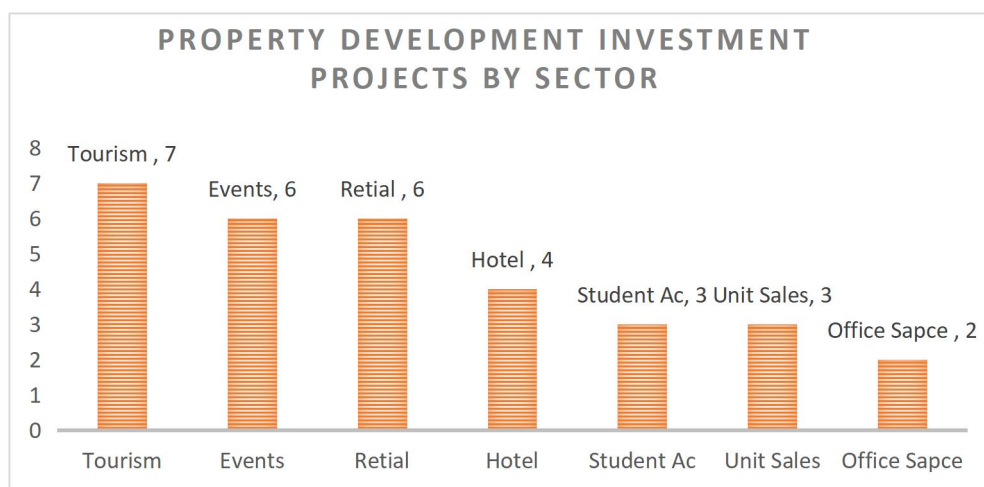
a. Need for better research

As the agency continues to position itself a significant as player in driving the investment agenda of the Metro. We indent on developing deeper research outputs that will improve the investment appeal and climate in the metro. This work is intended to complement the existing research that has been conducted by the Metro which shows that BCMM has a competitive economy. In term of the location

quotient which compares the concentration of an industry within a specific area to the concentration of that industry within a specific area (BCMM) to the concentration of that industry nationwide.



This means that BCMMM enjoys an above national concentration of industry in the manufacturing, trade, and community services. The metro also has a good concentration of industry in the construction and finance. This research however shows that the metro is not explaining the agriculture and electricity sectors where it has low levels of concentration but does the factors of production and demand to grow these sectors. The BCMDA will be looking at such challenges going forward in its research and project development work.



The BCMDA seeks to diversify its property investment portfolio, which has been dominated by tourism related developments as associated industries such as

events, hotel and accommodation and retail space. Research conducted this year indicates that the agency should consider property investments that are in the following areas:

b. Possible new sector and space

| | |
|------------------------------------|---------------------|
| Industrial property (mixed) | Sporting and Events |
| Energy / renewable energy | Film Industry |
| Waste Management and beneficiation | Logistics |
| Agriculture and beneficiation | Auto Sector |
| Student Accommodation | Chemicals |
| Housing Development | |

The experience of the Victoria Grounds project demonstrates that the Metro needs to find a more sustainable approach to the management of sporting facilities. The BCMDA intends to look into this area as develop a framework on how to best management these facilities and bring much needed capital investment into these assets.

5.6.3 Outcome 3: A robust property market

Here under is a brief progress report on infrastructure projects in Execution:

- a. Completion of Court Crescent Recreational Park – the Park 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 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. Design 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.

5.6.4 Goal 4: Delivered socio-economic programmes

BCMDA is mandated to conceptualise, plan, and execute catalytic socio-economic development projects. The Unit is charged with mandate to rollout 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 have 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 other 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 an 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:

5.6.4.1 RURAL DEVELOPMENT PROJECTS

5.6.4.1.1 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.

5.6.4.2 SMME DEVELOPMENT STRATEGIES

The Buffalo City Metropolitan Development Agency (BCMDA) has developed a Small Medium Micro Enterprise (SMME) Development Policy that will guide the Agency regarding interventions to support and develop SMMEs in rural and urban areas within the Buffalo Metropolitan Municipality jurisdiction. To implement the programme, SMME policy, SMME Support and Development Strategy has been developed that seek to guide the BCMDA on how to do business and implement the SMME support and development programme. Notable, the SMME policy and Strategy was adopted in 2022. The

processes undertaken in implementing the SMME Support programme is outlined hereunder:

SMME support and development policy is to be implemented through the following stages:

5.6.4.3 INTEGRATED WASTE MANAGEMENT, GREENING AND BEAUTIFICATION PROGRAMME

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

5.6.4.4 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 the 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 totalling to 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 resulted 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 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 |

5.6.5 Outcome 5: A well governed and viable agency

A key strategic objective is to ensure that there is a solid base from which to operate as an Agency of the Municipality. The aim of goal one is to ensure a that there a well governed meaning a stable and fully capitated agency to deliver on its mandate effectively as well as a viable agency intimating that sustainability in the medium to long term is critical.

This goal forms the support to the Agency's core business and other strategic objectives. This objective includes the following key strategic areas of work namely financial sustainability, governance maturity, stakeholder management and a high performing and motivated staff and creation of a sound research platform.

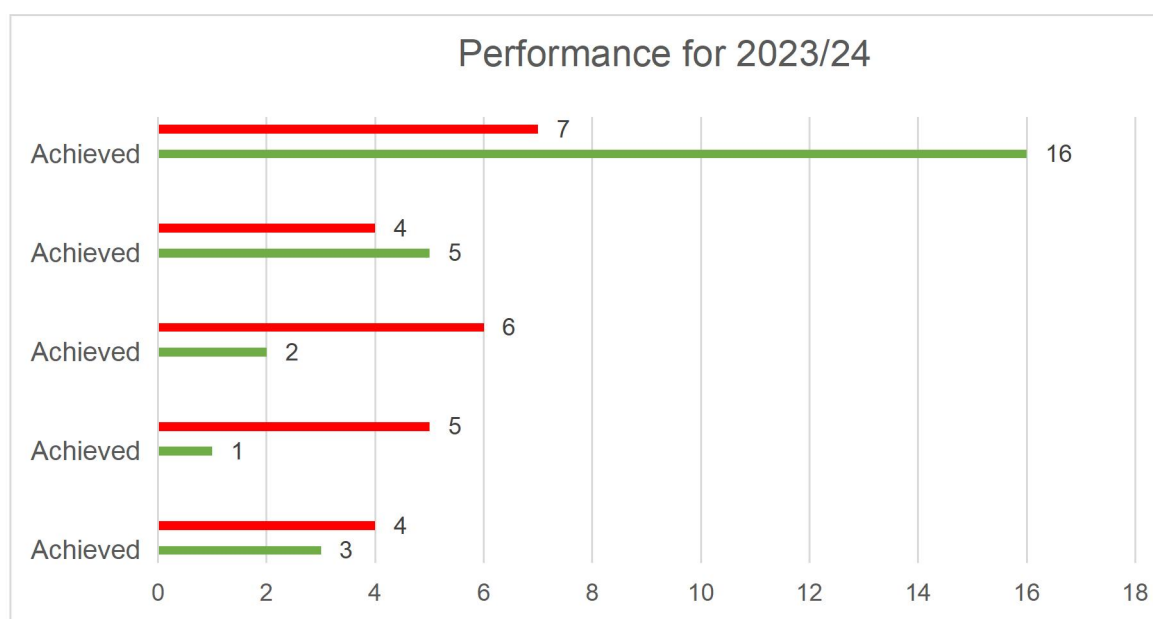


Figure 21: Overall annual performance trend

The above strategic goals are executed through goal 5 and by a total of 23 performance indicators that are carried out primarily by the Office of the Chief Financial Officer and Corporate Services as well as the Office of the Chief Executive Officer.

This goal is essential in ensuring that the Agency is able to maintain credible accounting principles while at the same time ensuring delivery of support services to the Agency's service delivery programmes. In addition, this the goal is focused on ensuring that adequate human resourcing of the Agency backed by an information technology programme that is able to provide practical and user adoptive services. The goal is also focused legal support matters and effective board support to ensure good corporate governance, this is in order to ensure the agency is strategically aligned to executing its mandate.

During this finical year the agency was able to achieve 16 (70%) of its performance targets with only 7 (30%) not being met. This positive achievement attests to our general observations as stated in the previous annual report that a significant amount of effort has been placed at ensuring that the financial, governance and support systems for the agency are in place.

To this end we are pleased to note that the Agency once again received an unqualified audit outcome even though with findings this year however scope does exist to reach

clean audits and to perfect the planning aspects of the work of the Agency. This work is supported by the Agency's commitment at responding and addressing recommendations from the office of the independent internal auditor, Audit and risk committee and Auditor General through the various assurance provision platforms and audit process. The work creates a framework for reliance, business stability and growth and to ensure that money can be placed in the Agency to mitigate against the agency's dependency on the City as primary source of revenue. The running of clean agency governance, investment promotion building and managing a property portfolio are key components to ensure we move towards financial sustainability over the medium term.

The Agency has continued to seek better approaches at ensuring that it supports its core business, this has been achieved and sustained through an effective supply chain and financial management team. Acquired resources are managed and accounted for throughout the year by our asset management system that is administered through the Asset Register. This work has been the agency's ability to implement all the targeted elements of the Supply Chain Management Policy.

With respect managing the most valuable resource which are our staff, the performance management system and related processes such as training and development and mentoring and coaching were identified as key aspects for the implementation. Information technology systems are also critical to ensure a smooth and efficient Agency and work has continued to implement various systems and processes to improve the governance environment of the Agency. Both human resources and information technology are key contributors to effective Risk Management System and to ensure readiness for any possible risks and challenges to the agency's business continuity. The planned organisational design and development project was delayed due to awaiting the finalization of the review of organisational structure led by the placement of the key strategic personnel in the Agency.

COMPONENT F: ORGANISATIONAL DEVELOPMENT PERFORMANCE

6 Human Resources and Organisational Development

BCMDA aims to be the employer of choice in its field. This is supported by the BCMDA's overall objective, as out in its Talent Acquisition & On-Boarding Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment.

BCMDA periodically reviews its Human Resource Policies to ensure that it remains relevant and practical for the changing needs of current and potential employees.

6.6 Human resources profile

Table 19: 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 20: 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:

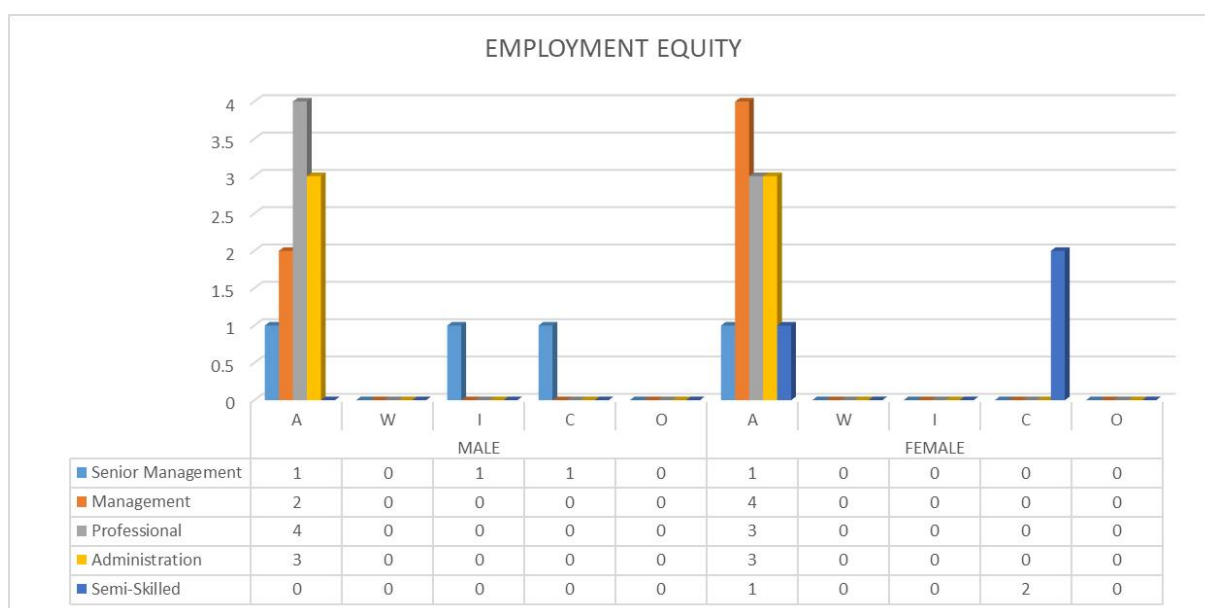


Figure 22: Employment Equity

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 the BCMDA's strategic objectives. Objectives that reinforce the culture of governance and financial management among managers are also included.

The Agency rolled out performance management agreements/ workplans to all employees during 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 an integrated learning experience to its employees that will strengthen their commitment to the Agency values, enhance leadership capability, and improve the BCMDA's capacity to meet current and future business requirements. The BCMDA's Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training.
- Best practice learning design
- Timely and appropriate learning delivery.
- Assessment of the impact of learning interventions on overall company performance.

The development provided to the staff of BCMDA for the financial year is as follows:

Table 21: 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%.

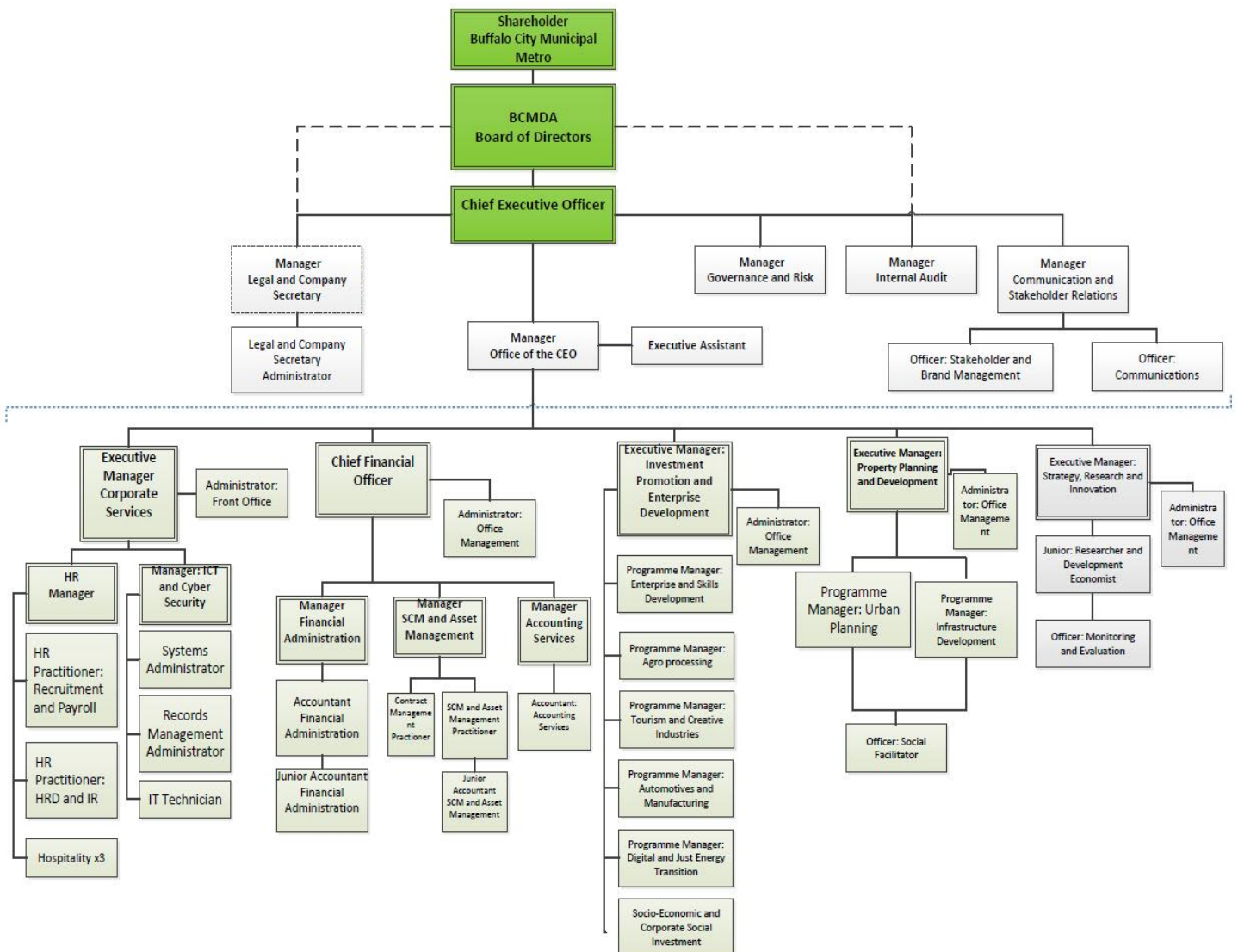
Table 22: Cost of employees

| 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 |

6.14 Organizational Structure

Figure 23: BCMDA organisational structure

⁵ Included in the COE is the cost for Project related employee costs.



COMPONENT G: FINANCIAL PERFORMANCE

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. 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.

Financial Performance as at 30 June 2024

Table 1: Statement of Financial Performance

| Description | Approved 1 st adjusted budget (2023/24) | Approved 2 nd 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% |

| Description | Approved 1 st adjusted budget (2023/24) | Approved 2 nd adjusted budget (2023/24) | Year to date actual | Variance | % Variance |
|---|--|--|------------------------|--------------------|---------------|
| 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% |
| 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% |

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:

- 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.
- 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.
- 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.
- 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 fees 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.

To be signed after comments

Acting Chief Financial Officer
Mr. A Manciya

6.1 Supply chain management

6.1.1 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 2: 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 | Dr. L. Govender (Executive | Ms. T. Tongo (Chief Investment |

| Bid Committee (BSC) | Specification | Bid Evaluation Committee (BEC) | Bid Adjudication Committee (BAC) |
|---|----------------------|--|--|
| (Programme Manager: Building & Civil Engineering) – PPDM - (from 26 February 2024) | | Manager: Strategy & Research) Office of the CEO. (from 03 July 2023 to 09 August 2023) | 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 |

6.1.2 The roles of the Committees

6.1.2.1 Bid Specification Committee

- 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.
- 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 3: Bid Specification Committee meetings

| COMMITTEE | SITTING DATES | NUMBER OF TENDERS CONSIDERED | MEMBER ATTENDANCE | COMMENT |
|------------------|----------------------|-------------------------------------|--------------------------|----------------|
| BSC | 07 September 2023 | 1 | 80% | The attendance |

| COMMITTEE | SITTING DATES | NUMBER OF TENDERS CONSIDERED | MEMBER ATTENDANCE | COMMENT |
|-----------|------------------|------------------------------|-------------------|---|
| | 04 October 2023 | 1 | 80% | below 100% was due to leave and other urgent commitments. |
| | 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% | |

6.1.2.2 Bid Evaluation Committee

- a. Evaluate all procurement above the threshold value of R30 000 and bids whose project duration exceeds 12 months in accordance with specifications of that particular bid and the point system set out in BCMDA's Supply Chain Management Policy and the Preferential Procurement Policy Framework Act;
- b. Ensure all information contained in each bidding document is taken into account during evaluation of bids and evaluate each bidder's ability to execute the contract;
- c. Ensure that the recommended bidder complies with the following:
 - the bidder is registered on the Central Supplier Database (CSD) and is not listed as a restricted supplier on the CSD.
 - municipal rates and taxes and municipal service charges of the recommended bidder are not in arrears;

- that all tax matters are in order;
 - the bidder has provided a declaration that its directors/shareholders/members are not in the service of the state;
- d. Submit to the Bid Adjudication Committee a report and recommendations regarding the awarding of the bid;

Table 4: Bid Evaluation Committee meetings

| COMMITTEE | SITTING DATES | NUMBER OF TENDERS CONSIDERED | MEMBER ATTENDANCE | COMMENT |
|-----------|-------------------|------------------------------|-------------------|--|
| 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% | |

| COMMITTEE | SITTING DATES | NUMBER OF TENDERS CONSIDERED | MEMBER ATTENDANCE | COMMENT |
|-----------|---------------|------------------------------|-------------------|---------|
| | 04 April 2024 | 1 | 100% | |

6.1.2.3 Bid Adjudication Committee

- Consider all the reports of the BEC and contract amendments.
- 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 5: Bid adjudication Committee meetings

| COMMITTEE | SITTING DATES | NUMBER OF TENDERS CONSIDERED | MEMBER ATTENDANCE | COMMENT |
|-----------|-------------------|------------------------------|-------------------|---|
| 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% | |

6.2 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 6: 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% |

6.3 Capital Expenditure

Table 7: 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% |

Annexure to the auditor's report

COMPONENT I: STATEMENT BY GOVERNANCE COMMITTEES

7.1 STATEMENT BY THE AUDIT COMMITTEE

With regards to the Audit Committee (AC), the Agency shares or utilises the Audit Committee of the parent municipality. The Audit, Risk Committee consists of the members listed below. According to the terms of reference, the Committee must meet at least four times a year.

During the year under review, eight meetings were held. The committee membership structure changed on 26 March 2021 with the shareholder's appointment of the new Board. The AC members are as follows:

Table 30: Previous Risk Committee members and meetings

| Date of meeting | Mr Singa Ngqwala | Mr Suren Maharaj | Thobeka Maqwati-Naku |
|-----------------|------------------|------------------|----------------------|
| 28 July 2022 | Yes | Yes | Yes |
| 29 August 2022 | Yes | Yes | Yes |
| 14 October 2022 | Yes | Yes | Yes |

Table 31: Existing Risk Committee members and meetings

| Date of meeting | Mr Singa Ngqwala | Mr Suren Maharaj | Thobeka Maqwati-Naku |
|------------------|------------------|------------------|----------------------|
| 14 December 2022 | Yes | Yes | Yes |
| 13 February 2023 | Yes | Yes | Yes |
| 02 May 2023 | Yes | Yes | Yes |
| 29 May 2022 | Apology | Yes | Yes |

Roles and Responsibilities of the Audit Committee

- Reviewing BCMDA's internal controls and published financial reports for statutory compliance and against standards of best practice and recommending appropriate disclosure to the Board.
- The external and internal auditors attend these meetings, and have direct access to the Chairperson of the Committee and Chairperson of the Board;
- Reviewing reports from management and the internal and external auditors, to provide reasonable assurance that control procedures are in place and working as intended;
- Considering the appointment of both the internal and external auditors, the audit fee and any questions of resignation or dismissal of auditors;

- e. Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.

Risk Management

Risk management is an integral part of good governance. It is a process whereby:

- a. There is a shared awareness and understanding within the organisation of the nature and extent of the risks it faces (both positive and negative risks); the categories and extent of those risks regarded as acceptable and the likelihood and potential impacts of the risk materialising.
- b. There is a regular and ongoing identification, evaluation, management, monitoring, recording, and reporting of risks with a view of improving the Agency's ability to manage and reduce the incidence or impact on the organisation of risks that do materialise. The Risk register is updated monthly.
- c. An appropriate assessment is made of the costs of implementation and operating a particular control relative to the benefit obtained in managing the related risk.
- d. The BCMDA's Board monitors risk through the Audit Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented, and monitored. The BCMDA Board is responsible for identifying, assessing, and monitoring the risks presented by the Audit Committee.
- e. The BCMDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously on an on-going basis at departmental level. The risk register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.
- f. The BCMDA submits its risk management reports to the Audit Committee. The committee assesses all risks affecting the BCMDA and makes recommendations to the Chief Executive Officer and the board on the general effectiveness of risk management processes in the BCMDA.
- g. Risk identification and assessment is an on-going process. The BCMDA conducted an annual strategic and operational risk assessment workshop. This process is supported by an on-going risk management process at departmental level; and all employees are required to take ownership of risks that fall within their respective areas of responsibilities.

h. The Board and the Audit Committee will continue to monitor the implementation of the documents listed above to ensure that the organisation is proactive in addressing risks and strengthening its internal control environment. The following risks remain as BCMDA strategic risks:

1. Inability to implement the Tourism Infrastructure Master Plan (TIM)
2. Failure to create an enabling environment to foster economic development and attract new investment to the city.
3. Withdrawal of investors on Mega Projects
4. Inability to promote investment.
5. Delays in project implementation
6. Poor quality assurance of newly constructed property
7. Identification of land parcels for future development
8. Inability to capacitate local SMME's.
9. Lack of financial sustainability
10. Inability to deliver on the mandate.
11. Cyber security attacks
12. Inability to act in the event of Disputes & Litigation
13. Non-Compliance with the POPI Act

The strategic and operational risks and mitigation measures have been reported to the Committee and work has been ongoing in attempts to put in place controls to ensure the annual performance plan is implemented.

Fraud awareness

The Agency concentrates its efforts on preventing fraud, rather than responding to fraud. To achieve this objective a fraud Prevention Policy has been developed and the Fraud Hotline for Whistle Blowers is in place and currently shared with parent municipality, fraud risk assessment is conducted to ensure that all fraud risk are identified and mitigated. Internal audit reviews are conducted to ensure effectiveness on preventative controls, the emphasis is on proactive preventative techniques. Over the financial year one report was received by the Agency and an investigation is underway to determine the veracity and credibility of the allegation.

Risk management and information technology

The ARC assessed the impact of risk management and information technology on its functions by:

- a. Reviewing the policies on risk assessment and risk management, including IT RISKS as these pertain to financial reporting and the going concern assessment, and found these to be adequate.
- b. Considering and reviewing the findings and recommendations of the Internal Audit.

Evaluation of Annual Financial Statements and Performance Information

The Audit and Risk Committee has:

- a. Reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor-General South Africa.
- b. Reviewed the information on pre-determined objectives to be included in the annual report and noted the report by the Auditor-General of South Africa.
- c. Reviewed the quality and timeliness of the financial information availed to the Audit and Risk Committee for the oversight purposes during the year. The Corporation's performance in terms of finances and pre-determined objectives was reported at each Audit and Risk Committee meeting.
- d. The Audit, Risk Committee believes the content and quality of quarterly reports prepared and issued by the Corporation during the year under review have been of a good standard and notes the continued improvement from the previous year.

Internal audit

The Audit, Risk Committee reviewed the activities of the external internal audit function and has concluded:

- a. The function is effective, and there were no unjustified restrictions or limitations.
- b. The internal audit reports were reviewed at quarterly meetings, including its annual work programme, coordination with the external auditors, the reports of significant investigations and management's responses to issues raised in these reports.
- c. In coordinating the assurance activities, the Audit, Risk Committee reviewed the plans and work outputs of the external and internal auditors concluded. It concluded that these activities adequately addressed the business's significant financial risks.

The external auditor has direct access to the Audit, Risk Committee chairperson and other members. The Audit, Risk Committee is also responsible for the assessment of the performance of the head of Internal Audit, and the internal audit function.

Auditor-General of South Africa

Considering the audit outcome, the Audit and Risk Committee interacted with the Auditor-General of South Africa during the planning, scoping and review of the statements and performance information before the submission. We take note of the Auditor-General of South Africa's report and opinion and is satisfied with the outcome.

To be signed post comments.

Mr. Zola

7.2 STATEMENT BY THE BOARD OF DIRECTORS

Directors Responsibilities and Approval

The Agency's controlling Agency is Buffalo City Metropolitan Municipality. The Directors are required by the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the annual financial statements fairly present the state of affairs of the Agency as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Agency and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. The Directors have reviewed the Agency's

cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, they are satisfied that the Agency has access to adequate resources to continue in operational existence for the foreseeable future.

The Agency is wholly dependent on the Buffalo City Metropolitan Municipality for the continued funding of operations. The annual financial statements are prepared on the basis that the Agency is a going concern and that the Buffalo City Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Agency. The external auditors are responsible for independently reviewing and reporting on the Agency's annual financial statements. The annual financial statements set out on pages 4 to 54, which have been prepared on the going concern basis, were approved by the Board on 28 August 2023.

Incorporation

Buffalo City Metropolitan Development Agency (BCMDA) has been operating since its incorporation on 20 April 2016. BCMDA has for the past four financial years, supported the Agency financially as stipulated in the signed Service Delivery Agreement (SDA) which was last reviewed in July 2019. A process is underway to review the SDA during the 2023/2024 financial year.

Review of activities

Main business and operations during the year, the mandate of the Agency as approved by Council remained that of conceptualizing, planning, and executing catalytic socio- economic development capital projects; serving as tourism Agency of the parent municipality, to acquire, own and manage land and buildings and/or rights to land and buildings necessary to enable it to achieve its aims and objectives.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the Agency to continue as a going concern is dependent on several factors. The most significant of these is that the Directors continue to procure funding for the ongoing operations of the Agency and that

the service delivery agreement was reviewed and signed with the Municipality on 01 July 2019 and remains effective for the future operations of the Agency.

Subsequent events

The Directors are aware of the amicable departure of the previous Chief Executive Officer (CEO) as at 1 November 2022 and subsequent dismissal of as 25 January 2023. For the effective operations of the Agency to continue uninterrupted an interim CEO was appointed from the Board namely Mr Van Wyk from 1 November 2023 to 25 January 2024 and Mr Sibam from 26 January 2024 to 15 August 2024 until a suitably qualified and experienced leader is found for the Agency.

Directors' interest in contracts

The Directors have declared that they do not have any interests in the contracts of the Agency.

Accounting policies

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board as the prescribed accounting framework by National Treasury. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Share capital / contributed capital

There were no changes in the authorized or issued share capital of the Agency during the year under review. The Agency is wholly owned by the parent municipality, it is authorized to issue hundred (100) ordinary shares with no nominal or par value.

Board

There were two Boards operational in the Agency during the financial year. The outgoing directors of the Agency during the year was effective from 01 September 2019 to 31 August 2022. An interim board was appointed on 1 September 2022. The Interim Board was constituted of eight non-executive Directors, and one member resigned on the 25 November 2022. The members were as follows:

Ms. Nolitha Pietersen

Ms. Nobantu Sakube Ndevu

Mr. Noel Van Wyk
Mr. Vuyo Mandilakhe Dilima
Mr. Mxolisi Sibam
Mr. Sindile Toni
Ms. Andisiwe Kumbaca
Mrs Thandiwe Godongwana (resigned 25 November 2022)

Corporate governance

The Board is committed to business integrity, transparency, and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the ongoing development of best practice. The Agency confirms and acknowledges its responsibility to compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002.

Board of directors retains full control over the Agency, its plans and strategy; acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency, and effective communication both internally and externally by the Agency and is of a unitary structure comprising:

The Chairperson is a non-executive and independent director. The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Audit and risk committee

The chairperson of the audit committee is Mr S Ngqwala, who is an independent audit committee member. The committee met during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, Buffalo City Metropolitan Municipality (BCMM), as a parent municipality, must appoint members of the Audit Committee. Notwithstanding that non-executive director appointed by the parent municipality constituted the municipal entities' Audit Committees, National Treasury policy requires that parent municipalities should appoint further members of the municipality's audit committees who are not directors of the municipal Agency onto the audit committee.

Internal audit

The Agency has outsourced its internal audit function to Ndluntsha Chartered Accountants for a period of three years starting from 18 August 2022. This is in compliance with the Municipal Finance Management Act, 2003.

Auditors

The Auditor General of South Africa will continue in office for the next financial period.

Board Meetings

Table 32: Number of Board and sub-committee meetings

| Type of Committee | Outgoing Board | Interim Board | Total Number of meetings |
|----------------------------------|----------------|---------------|--------------------------|
| Board | 3 | 18 | 21 |
| Governance Committee | 1 | 3 | 4 |
| Organisational Committee | 2 | 3 | 5 |
| Project Development & Investment | 1 | 4 | 5 |
| Audit and Risk Committee | 0 | 0 | 8 |
| TOTAL | 7 | 28 | 35 |

Board remuneration

Table 33: Outgoing Board remuneration

| Outgoing Board Members | Total |
|-------------------------|----------------|
| Mr Thembinkosi Bonakele | 70 500 |
| Ms Mankomo Pango | 66 500 |
| Mr Chuma Sangqu | 62 243 |
| Mr Barry Canning | 31 000 |
| Ms Sibongile Booie | 71 500 |
| Ms Thobeka Buswana | 69 500 |
| Mr Luncedo Njezula | 39 654 |
| Mrs Thandiwe Godongwana | 66 500 |
| TOTAL | 477 397 |

Table 34: Interim Board remuneration

| Interim Board Members | Total |
|------------------------------|------------------|
| Ms Nolitha Pietersen | 325 485 |
| Ms Nobantu Ndevu | 301 916 |
| Mr Noel Van Wyk | 256 779 |
| Mr Vuyo Mandilakhe Dilima | 290 500 |
| Mr Mxolisi Sibam | 158 000 |
| Mr Sindile Toni | 303 378 |
| Ms Andisiwe Kumbaca | 306 068 |
| Mrs Thandiwe Godongwana | - |
| TOTAL | 1 993 126 |

To be signed post comments

Chair of the Board

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Statement of responsibility

The Directors are responsible for the preparation, integrity, and fair presentation of the financial statement of the entity. The annual financial statements presented in this Volume have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The directors are responsible for the preparation of the other information in the integrated annual report and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity will not be a going concern in the foreseeable future based on the forecast and available cash resources. Refer to the Directors' report in Chapter 7 with regard to the appropriateness of the going concern assumption for the preparation of the financial statements. The BCMDA's executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2023/24 to ascertain whether minimum disclosure requirements were adhered terms of MFMA Circular 63 on Annual report requirements.

To be signed

Chief Financial Officer

Mrs Busisiwe Lubuluwana

To be signed post comments

Chief Executive Officer

Mr Ayanda Gqoboka

To be signed post comments

Chair of the Board

Mr M Dilima

ANNUAL FINANCIAL STATEMENTS

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

| <i>Targets achieved: 33%</i> <i>Budget spent: 30%</i> | | |
|--|---|----------------------|
| 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

detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R13,1 million as disclosed in note 35 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the irregular expenditure was caused by contravention of supply chain management laws and regulation. Irregular expenditure amounting to R11,3 million was incurred on the Court Crescent project.

Other information in the annual report

33. The accounting officer is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in outcome presented in the annual performance report that have been specifically reported on in this auditor's report.
34. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
35. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in outcome presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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) |



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

Buffalo City Metropolitan Development Agency
(Registration number 2016/168330/30)
Annual Financial Statements
for the year ended 30 June 2024

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

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 M Sibam 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) |

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2024

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The reports and statements set out below comprise the annual financial statements presented to the BCMM Council:

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Abbreviations used:

| | |
|-------|---|
| BCMM | Buffalo City Metropolitan Municipality |
| BCMDA | Buffalo City Metropolitan Development Agency |
| GRAP | Generally Recognised Accounting Practice |
| IFRS | International Financial Reporting Standards |
| 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 |

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

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

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

Directors' Report

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.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

Directors' Report

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 |
| Ms A Kumbaca | Appointed Monday, 3 July 2023 |
| Mrs N Madikizela-Renene | Appointed Monday, 3 July 2023 |
| Mrs Z Faku | |
| Mr M Sibam | Resigned Friday, 31 May 2024 |
| Mr S Toni | |
| Ms N Ndevu-Sakube | |
| 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

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

Directors' Report

10. Corporate governance

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The board discusses the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - executive directors.
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

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

Executive meetings

The Executive Committee have met on 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.

11. Controlling entity

The entity's controlling entity is Buffalo City Metropolitan Municipality.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

Directors' Report

12. Bankers

All the entity's main bank accounts are held at First National Bank for the year. The Agency held a short-term fixed deposit investment account with Nedbank, which matured in July 2022.

13. Auditors

Auditor General of South Africa will continue in office for the next financial year.

14. 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 Officer

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

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 |

* See Note 41

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2024

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) |

* See Note 41

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

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) | | |

* See Note 41

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

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 |
| | | <u>76 747 569</u> | <u>90 015 356</u> |
| 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) |
| | | <u>(59 049 474)</u> | <u>(89 995 797)</u> |
| Net cash flows (used in)/from operating activities | 28 | <u>17 698 095</u> | <u>19 559</u> |
| 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 | | <u>(371 508)</u> | <u>(466 320)</u> |
| Cash flows from financing activities | | | |
| Finance lease payments | | 213 281 | - |
| Finance costs | | (27 113) | - |
| Net cash flows from financing activities | | <u>186 168</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>17 512 755</u> | <u>(446 761)</u> |
| 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 | <u>37 499 329</u> | <u>19 986 575</u> |

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.

* See Note 41

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|---------------------|---------------------|----------------------|--|---|-----------|
| Figure in Rands | | | | | | |
| 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 reversal | - | - | - | 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 Budget and Actual Comparative Statement | - | - | - | 7 015 261 | 7 015 261 | |

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|--------------------|-------------|--------------|--|---|-----------|
|--|--------------------|-------------|--------------|--|---|-----------|

Figure in Rands

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) |
|---------------------|------------|-----------|-------------------|------------|-----------------|

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|--------------------|-------------|--------------|--|---|-----------|
|--|--------------------|-------------|--------------|--|---|-----------|

Figure in Rands

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 assets | (616 333) | 418 870 | (197 463) | (197 463) | - | |

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 | |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|-----------------|--------------------|-------------|--------------|--|---|-----------|
| Figure in Rands | | | | | | |

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 government 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 departures 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.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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 relating notes.

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipal entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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Accounting Policies

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.

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Accounting Policies

1.5 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.

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Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

| 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).

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Accounting Policies

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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.

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Accounting Policies

1.7 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.

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Accounting Policies

1.7 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| 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

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Accounting Policies

1.7 Financial instruments (continued)

entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value. If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost. If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.7 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).

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1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

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1.8 Statutory receivables (continued)

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Tax

Current tax assets and liabilities

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

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

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1.9 Tax (continued)

Deferred tax assets and liabilities

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

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

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

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

1.10 Leases

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

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

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.

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1.10 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.

1.11 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

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Accounting Policies

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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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.

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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.

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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.

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1.18 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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1.19 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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1.19 Revenue from non-exchange transactions (continued)

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Accounting Policies

1.22 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 Comparative figures

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

1.24 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.25 Irregular expenditure

Irregular expenditure 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.

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1.25 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.

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Accounting Policies

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.

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Accounting Policies

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 management's perspective and does not correlate with the auditors' materiality.

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| Figure in Rands | 2024 | 2023 |
|-----------------|------|------|
|-----------------|------|------|

2. New Standards, Amendments to Standards and Interpretations

2.1 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 | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 31: Intangible Assets | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 32: Service Concession Arrangements: Grantor | 01 April 2023 | Unlikely there will be a material impact |
| • Guideline: Guideline on Accounting for Landfill Sites | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 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 |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2023 | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020 | 01 April 2023 | Unlikely there will be a material impact |
| • Amendments to GRAP 1 on Presentation of Financial Statements (2022) | 01 April 2023 | Unlikely there will be a material impact |

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been issued but not yet effective as the date set by the Minister of Finance is for entities' financial year commencing on or after 1 April 2023.

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|--|--|
| • GRAP 104 (Revised 2019): Financial Instruments | 01 April 2025 | Unlikely there will be a material impact |

2.2 Standards and interpretations issued, but effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Agency may select to apply the principles established in that Standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standard of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

- GRAP 103 (Revised 2022) - Heritage Assets

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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 to not early adopt the above mentioned Standards.

3. Inventories

| | | |
|-------------------|--------|--------|
| Consumable stores | 51 727 | 39 960 |
|-------------------|--------|--------|

Inventory Reconciliation

| | | |
|---------------------------------------|---------------|---------------|
| Opening balance | 39 960 | 62 387 |
| Procured and expensed 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

| | | |
|-----------------------------------|------------------|------------------|
| 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.

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| Figure in Rands | 2024 | 2023 |
|-----------------|------|------|
|-----------------|------|------|

5. Cash and cash equivalents

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.

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Figure in Rands

6. Property, plant and equipment

| | 2024 | | | 2023 | | |
|------------------------|---------------------|---|------------------|---------------------|---|------------------|
| | 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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| Figure in Rands | 2024 | 2023 |
|-----------------|------|------|
|-----------------|------|------|

6. 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.

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Figure in Rands

7. Intangible assets

| | 2024 | | | 2023 | | |
|--------------------------|---------------------|---|----------------|---------------------|---|----------------|
| | 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 | Impairment loss | 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.

8. Operating lease liability

| | | |
|---------------------|-----------|----------|
| Current liabilities | (152 657) | (89 315) |
|---------------------|-----------|----------|

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|-----------------|------|------|
|-----------------|------|------|

8. 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.

9. 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.

10. 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.

11. 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 |

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|-----------------|------|------|
|-----------------|------|------|

11. 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.

12. 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.

13. 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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|-----------------|------|------|
|-----------------|------|------|

14. Deferred tax

Deferred tax asset

As indicated in the accounting policy notes, deferred tax is accounted for in line with IAS 12. Management made an annual assessment and judgement on the recognition of deferred tax in the current year. The decision was that since BCMDA is still heavily dependent on grant income, which is exempt for Income Tax purposes, with an assessed loss balance, therefore recognition of deferred tax in the current period would not necessarily be in line with the Accounting Standards. IAS 12 requires that there should be probability of the entity deriving taxable income which would reduce the deferred tax in future. Disclosed below therefore is unrecognised deferred tax asset in respect of both deductible temporary differences and tax losses. The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. The Minister of Finance announced on 27th February 2022 that the corporate tax rate would decrease from 28% to 27% effective for years ended on or after 31 March 2023, 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 |

15. 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 |
|---|-----------|-----------|

16. 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.

17. 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.

18. Other income

| | | |
|------------------|------------|---------------|
| Other income | - | 24 685 |
| Tender documents | 300 | - |
| | 300 | 24 685 |

Other income for the prior year relates to Board recoveries as well as staff recoveries.

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| Figure in Rands | 2024 | 2023 |
|-------------------------------|-----------|-----------|
| 19. 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.

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| 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 in 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 Intergrated 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 the 2021/22 an additional R12.5 million was received in line with the business plan of the project. Since the funds are received through BCMM, they are deemed a taxable supply for VAT purposes. Amounts disclosed are therefore net of VAT.

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) |
| | - | - |

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|-----------------|------|------|
|-----------------|------|------|

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 |
|---|------------|------------|

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| 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.

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|-----------------|------|------|
|-----------------|------|------|

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.

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| 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.

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|--|-------------------|-------------------|
| 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 |

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|-----------------|------|------|

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 Booï | 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 up until a permanent candidate was appointed on the 1st 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 |

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| 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 |
|------|---------|---------|

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| 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 |

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|--|------------------|-------------------|
| 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 a 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 brokerage 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 advisory services | - | 373 750 |
| • Provision of brokerage 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 Management Programme | - | 163 251 |
| • Provision of Social Media Services for Duncan Village Waste Management Programme | - | 23 920 |
| • Provision of Internal Audit Services for a period of 3 years | 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 Services to the State for a period of 36 Months | 1 080 815 | 1 475 774 |
| • 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

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|-----------------|------|------|
|-----------------|------|------|

30. Commitments (continued)

| | | |
|---|-----------|------------|
| Already contracted for but not provided for | 7 253 711 | 22 759 929 |
|---|-----------|------------|

Total commitments

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.

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31. Related parties

| | |
|---------------------------|--|
| Relationships | |
| Directors | Refer to directors' report note |
| Controlling entity | Buffalo City Metropolitan Municipality |
| Members of key management | Mr 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.

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32. Risk management (continued)

Liquidity risk

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

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 |

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|-----------------|------|------|

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 emanates 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 expenditure 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 |
|-------------|---------|---------|

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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 |

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|-----------------|------|------|

38. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement is as follows:

BCMDA is a development agency of the BCMM and has a responsibility of ensuring economic development is achieved through its existence to expedite development of the City and also participate in job creation through its mandate areas as approved by Council. Through the signed Service Delivery Agreement (SDA), the Agency was allocated recreational projects to implement on behalf of the City. In this arrangement, BCMDA appointed contractors to commence with the construction of both Water World and Court Crescent. The City retains control of the assets, are therefore not recorded in the BCMDA's accounting records, rather the City's. invoices received from contractors are recorded as payables and a BCMM receivable is recognised in the Statement of Financial Position, since the funds to settle contractors invoices are claimed from BCMM as and when invoices are received. In total 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 June 2024, finding the employee guilty.

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40. Contingencies

The Agency has the following contingent liabilities as at 30 June 2024.

| Details of contingent liabilities | 2024 | 2023 |
|--|------------|--|
| Thembeka Doreen Tongo | - | 284 807 |
| - 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. | | |
| Thulisiwe Catherine Hangana | 6 508 540 | 6 508 540 |
| - 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. | | |
| Mvusuludzo Projects cc | 30 829 550 | Amount can not be quantified due to outstanding assessments to be performed by affected parties. |
| - 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. | | |
| Mariswe (Pty) Ltd | 1 075 427 | 1 075 427 |
| - 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. | | |

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41. Prior period errors

In the prior year, errors occurred 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.

There 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) |