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BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

CHAPTER ONE

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

EAST LONDON | BHISHO | KING WILLIAM'S TOWN | MDANTSANE
www.buffalocitymetro.gov.za



[WWW.BUFFALO
CITY
METRO
.GOV.ZA](http://www.buffalocitymetro.gov.za)



CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A

BACKGROUND INFORMATION

BCMM VISION STATEMENT

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

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

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

MISSION STATEMENT

Buffalo City Metropolitan Municipality is a city that:

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

CORE VALUES

We are a city that espouses the following values:

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

STRATEGIC OBJECTIVES

Buffalo City Metropolitan Municipality strives to realize the following 5 strategic outcomes by the year 2030.

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

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

Pillars of the BCMM Growth and Development Strategy – Vision 2030

Strategic pillar 1	An inclusive and sustainable economic growth
Strategic pillar 2	A globally connected city
Strategic pillar 3	A clean and environmentally sustainable city
Strategic pillar 4	A spatially transformed city
Strategic pillar 5	A well governed city



EXECUTIVE MAYOR'S FOREWORD

Vision

We are presenting this Annual Report as the Council of Buffalo City Metropolitan Municipality as a way of ensuring that we are as transparent as possible regarding how we have implemented the electoral mandate. We are doing this in order to comply with the constitutional and legal provisions regarding public accountability. We, however, also understand the inclusion of our communities in our affairs as a revolutionary task that is correctly summarised by the Freedom Charter's pronouncement that 'The People Shall Govern'.

The vision of our Municipality vests on there being a well-governed city and all the other service delivery objectives will never be achieved if the city is not governed to the best standards. The key features of good governance are transparency and accountability. The overall vision of the Municipality is captured in the Metro Growth and Development Plan, Vision 2030 which aims to create a productive, globally-connected, spatially-transformed, green and well-governed City.

The key instrument for the implementation of this vision is the Integrated Development Plan (IDP) which is informed by the democratic contributions of communities and the budget. The Annual Report we are presenting is thus a reflection of the implementation of the IDP projects and activities that were budgeted for in the 2017/18 financial year.

B. Key Policy Developments

We have ensured that our vision is properly aligned to the various policies that have been adopted by the National Government. At a strategic level, our Metro Growth and Development Strategy properly aligns with the National Development Plan, Vision 2030 and the Provincial Development Plan.

The major recent policy development that the municipality had to urgently comply with is the Spatial Planning and Land Use Management Act of 2013. We want to report that the municipality is now fully compliant with this legislation and this will assist us to speed up the process approvals of plans in the municipality. It will further aid in the development of an effective and comprehensive system of planning that promotes social and economic inclusion in the City.

C. Key Service Delivery Improvements:

The reality is that for the City to be liveable and support all the necessary economic activities, it needs to have the required infrastructure to carry a modernizing industrial economy. This is why we are continuing to ensure that 4 percent of the revenue generated from electricity is reinvested back into the electrical network so that it remains reliable and meets safety standards.

In the year under review, we spent R148 million on electricity upgrades with the major chunk of this going to our capital works. The main capital works that were undertaken were electrical infrastructure upgrades in King William's Town, Breidbach, Woodbrook, West Bank,

Wilsonia, Gomo, East London City Centre, Zwelitsha, Buffalo Flats, Wilsonia and many other suburbs within the Metro. An amount of R40 million was spent on formal households and R10 million was spent for the electrification of informal settlements.

Regarding the provision of clean drinking water, we have spent an amount of R146 million, implementing four major water projects. We are also rolling out sanitation provision through the implementation of major projects in upgrading and building new sanitation infrastructure.

We are currently implementing several human settlements projects at a value of R259 million. These housing projects are mainly in Potsdam Ikhwezi Block 1, Mdantsane Zone 18cc, Tyutyu Phase 3 and Potsdam Village. Over the past year we have done our best to ensure that roads are maintained to a suitable standard through in-house construction teams in all the regions.

We have developed a Rapid Service Delivery Improvement Plan – Clean City Programme as a way of addressing concerns regarding waste management in our city. In the year under review, we spent R54 million on the procurement of 20 Refuse Removal Trucks as a way of building internal capacity and addressing poor service complaints. We also procured 8 Tipper Trucks and 3 Tractor-Loader-Backhoes for the clearing and cleaning of illegal dumps to provide a clean and healthy City.

D. Public Participation.

As indicated above, our governance will not be sufficient if we do not get the views of the citizens of Buffalo City on how they want their resources to be spent. Before the adoption of our budget, we hosted intensive Integrated Development Planning consultations where we gave feedback to the communities on their ward priorities. We also hosted the Mayoral Imbizo programme across all four regions of the Metro.

It is important to note that the participation of our communities in the City's activities is not only limited to the IDP and budgeting process. The Council of our metro 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 of the municipality. The Honourable Speaker of our City is the driver of this programme and continues to provide the necessary guidance and training to ward committees.

Our ward councillors also have regular meetings with the communities, not only to regularly update communities about the progress we are making in addressing their concerns. We also have a very effective Rapid Response Task Team which quickly attends to community protests when they arise.

E. Future Actions

We understand that expenditure on infrastructure development and maintenance should be consistent if we are to achieve the suitable levels. Therefore, in the coming 2018/19 financial year, R194.4 Million will be spent on the major water projects. This is to address issues of compliance, aging infrastructure, housing delivery and economic development.

We have budgeted an amount of R287 Million for sanitation and related infrastructure in the 2018/19 Financial Year. This is to provide enough capacity for our programme of development whilst giving dignity to our people.

It is important to report that the provision of houses for residents of Duncan Village is being given the necessary attention. Already the council of our metro has approved the signing of the Memorandum of Agreement (MOA) and the Implementation Protocol (IP) for fast-tracking the upgrading of informal settlements within the Duncan Village Settlement and surrounding areas. We are concluding the final stages of the service delivery agreements with the Provincial Government, National Government and the Housing Development Agency regarding this project. The targeted number of housing units and services to be developed within Duncan Village alone is around 5000 and this will happen within the next four years.

Over the next three years the provincial government will give us R241 million for the construction of housing units with the major projects being Potsdam Ikwezi Block 1, Potsdam Village, Potsdam North Kanana, Peelton Cluster 1 -3, Skoben and Hanover, Mdantsane Zone 18 cc, Mdantsane Cluster 2, Amalinda Co-op, Mdantsane Cluster 322 and West Bank Restitution. A budget of R434 million will also be made available in the next three years through the Urban Settlement Development Grant for installation of water and sanitation for these housing projects.

In the 2018/19 financial year, we will continue with the implementation and rehabilitation of bridges, roads and storm water in various areas of our metro. An amount of R286.9 million has been specifically committed for this purpose.

We have developed an aggressive Revenue Enhancement Strategy whose key feature is the management of our debtor's book. The current collection rate of 86 percent is projected to improve to 92.5 percent over the next three years. A strategy intended to reduce water and electricity losses is also being implemented. Our objective is to ensure that all water meters are loaded on the billing system. We have completed a pilot project for the implementation of electricity meters as part of our Smart Metering Solution. An amount of R64 million has been committed for the full-scale rollout of the project starting the 2018/2019 financial year.

F. Agreements/Partnerships.

We are fully aware of the fact that in order to implement our strategy, we need to develop relations with various cities and stakeholders within and outside the country. On 24 August 2017 we signed a Cooperation Agreement with the Jinhua City from Zhejiang Province in the People's Republic of China. In terms of this agreement, our two cities will continue to engage on various exchanges and cooperation in the fields of economy, trade, science and technology, culture, education and tourism to promote common prosperity.

In July 2017, the Executive Mayor, led a high-level delegation of our metro which visited the Yubei District, Chongqing Municipality. This culminated in the signing of a Memorandum of Understanding (MOU) between our two cities. Important to note in the MOU is the commitment that the partnership is intended at: "Facilitating a connection between our businesses in order to drive investment more particularly in the high-tech sector and advanced manufacturing".

Locally, we have formed a solid partnership with the Transnet National Ports Authority and we are currently at an advanced stage in the development of a business case for the expansion of the Port of East London and the development of a waterfront.

There is a technical task team which has been established to pursue strategies for the development of the port. The task team is constituted by the municipality, the Port of East London, Buffalo

City Metropolitan Development Agency, the East London IDZ and the provincial government.

G. Conclusion.

The work contained in this Annual Report shows that we are "Hard at Work" in ensuring that the hope that our people have placed on their current leadership and the faith that they have in the service delivery institution that we have made their municipality to become, is not in vain.

We are moving properly in our work of building our City and we will work to ensure that the social compact that has been formed with business, labour and other social partners in our City is maintained and that we continue to work for the betterment of our metro and its people. The work we have packaged here indeed proves that there is work in progress in the building and reconstruction of our City.

(Signed by : )

Mayor/Executive Mayor

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COMPONENT B:

EXECUTIVE SUMMARY

1.1 CITY MANAGER'S OVERVIEW

I would like to join the Executive Mayor in presenting to you the annual report for the 2017/18 financial year. This Annual Report (2017/2018) presents the developments or service delivery within the City guided by the founding values stated in the Constitution of the Republic of South Africa (1996). The 2017/2018 Annual Report provides an opportunity to Buffalo City Metropolitan Municipality to report on performance against the set deliverables for the year under review.

The Top Management, Mayoral and Council Lekgotla in October and November 2017 agreed on a set of priorities for the remainder of term. These priorities integrated the Sustainable Development Goals of the United Nations, the priorities of National Government's Integrated Urban Development Framework, our own 10 Council Lekgotla priorities for this term of office, and the Metro Growth and Development Strategy (MGDS) priorities agreed by city stakeholders in 2016. These priorities are structured within the framework of the MGDS, with implementation support focused through the turn-around plan of the City Manager.

The first pillar of the MGDS is a productive and innovative city. As with the national economy, growth levels remain subdued and unemployment stubbornly high, although some progress has been made restoring investor confidence in the city. During the year under review, two major private sector investment announcements were made – the MBSA expansion and the high tech manufacturing investment of Yekani. Together these bring more than R11 billion of productive investment into the city. Our Special Economic Zone, of which we are a 26% shareholder, has been given a full suite of incentives by the dti which will greatly assist their investment efforts. As a city, we are working on an investment strategy for the city, and have prioritized red-tape reduction, and reducing the costs of business. In this regards we are working towards establishing a one-stop investment centre to provide hands-on support to investors. Our agency, the BCMDA, is now fully operational, and we have mandated them to solicit investment for a number of property developments in the city, including the Sleeper Site development, the beachfront, and water-world. We have prioritized sports and events tourism, and successfully hosted the BRICS Local Government Conference in the city. We also successfully hosted the Iron-Man and have partnered with MBSA to hosted a major surfing event. To further embed ourselves as a coastal sports destination, we have prioritized regaining blue flag status for the city.

Youth unemployment, especially in our townships, informal settlements and villages, remains our major challenge. Here we have partnered with Harambee to train youth for employment, but need to drastically scale-up our efforts in this regards. This will get our focused attention in 2018/19.

The second pillar of the MGDS is establishing Buffalo City as a Green City. Here we have experienced a number of service delivery challenges in getting our basic waste management system on track. These are getting our full attention, and we have developed a Rapid Service Delivery Plan to effect change. We also purchased new fleet,

as part of our efforts to build capacity in the waste management department. We held a Waste Summit in 2018, and have agreed on an approach to divert more waste from landfill, and reap the benefits of the waste economy. Key to this will be establishing an integrated waste management facility which we are currently designing. Partnerships with the DEA and GIZ on waste characterization and diversion, and the Swedes on hazardous waste and diversion will prove hugely beneficial in the medium term. Also in the Green Economy space, we held an Energy Summit, where we agreed on how to better manage water and electricity losses, as well as how to prepare the city for a renewable energy future.

The third pillar of the MGDS is the connected city. Here we acknowledge our challenges in the ICT environment, and the lack of automation in key business processes. This is currently getting our attention, as we shift Buffalo City towards becoming a SMART City. We have made progress rolling out free wifi hotspots in the city, as part of our efforts to address the so-called digital divide. We are excited by the ELIDZ's participation in undersea cable project, and the prospects of leveraging global business services into the city. The other component of the connected city is logistics capacity. Here we have made good progress partnering with Transnet on a business case for the East London port expansion.

The fourth pillar of the MGDS is the spatially transformed city. Here we have made progress on the planning front, with our Built Environment Performance Plan (BEPP) moving from silver to gold status (in terms of the National Treasury assessment). We are also busy with the review of the Spatial Development Framework, the Integrated Sustainable Human Settlement Plan, and the Integrated Public Transport Network Plan. This should allow for strengthened integration if managed well. We have also made progress on catalytic infrastructure projects which have the capacity to attract private investment. These include the Kidds Beach initiative, which will see a major new economic node developed for the city. Progress has been made on the Beacon Bay-Gonubie link road, which will also open up significant property development. We have also partnered with National Treasury's City Support Programme to assist us with catalytic land development preparation, specifically with regards the Inner City and Sleeper Site. This said, we still have challenges with infrastructure planning and delivery, with a disproportionately high spend in the last quarter of the financial year. Going forward, we will also be addressing challenges around SPLUMA implementation, and developing a land disposal and acquisition strategy to ensure the availability of land for low income housing within our core integration zones.

The final pillar of the MGDS is a well governed city. Most of our key HOD and management posts are filled (with the exception of Municipal Services where the post is disputed and Finance where the HOD is suspended). Our audit and risk committee is functional, and we have made steady progress in MSCOA implementation. The MGDS is more embedded in planning, and we have adopted a new format for IDP and SDBIP planning structured along the MGDS pillars. We have commenced a review of the macro-structure, to better align our organizational capacity to our priorities and resource base. We have also made some progress in ward-based project planning and budgeting.

However, we have regressed in our audit opinion which will get our foremost attention, specifically with respect to the billing system. We have prioritized implementing our revenue protection and enhancement strategy, curbing non-payment for services, and addressing municipal debt. This will be our major priority for 2018/19, together with developing an integrated customer relations system.

At a high level, an account of the progress made during the 2017/2018 financial year is summarised in the ensuing paragraphs.

Electricity Services

In the year under review the municipality has electrified 2314 RDP houses. In terms of the Department of Energy's Electrification program (INEP) 564 RDP houses were electrified. Due to reduction in funding BCMM Invested R 10, 5 Million of its own capital budget to electrify an additional 726 houses. The electricity department invested R 87 Million into the electrical network to upgrade and replace old equipment and to install a computerized electrical network SCADA system.

Water Services

In the year under review 2017/2018 Water Supply Services experienced a shift in terms of the focus on backlogs due to the change of Buffalo City Metropolitan Municipality (BCMM) demarcation. In the 2016/2017 financial year we had only 1% water supply backlogs, then in August 2016 new rural villages were incorporated with BCMM which pushed the percentage backlog up to 2.3%. Currently 98% of BCMM population has access to potable water which meets South African National Standards for Drinking water (SANS 241) and World Health Organization (WHO) requirements.

The water quality has been a challenge in various areas of the municipality due to the aging infrastructure. The department has initiated water main replacement programmes which is assisting in reducing burst pipes as well as improving water quality. The percentage compliance of our water treatment works is sitting at an average of 99%.

Sanitation services has also been improved in the year under review. The regionalisation of some wastewater treatment works projects which are underway were initiated to improve the quality of effluent. There's been a massive number of new sewer connection installed in 2017/2018 which elevated the number of new connections to be in excess of 3000 over the past five years. Sanitation provision has improved in recent years and several households that have access to basic sanitation services has increased drastically especially in the rural areas and informal settlements. A total number of 43366 Ventilated Pit Latrine (VIP) toilets were installed since 2005.

Finance

The Metro's finances continue to be in a resilient financial position despite the downward trend associated with the liquidity trends and increasing outstanding debt position. A surplus that amounts to R365 million was achieved for the year under review. The long-term sustainability and viability of the Municipality is a key consideration for Buffalo City Metropolitan Municipality. This strategic view is being implemented through an active asset replacement programme utilising own funds to ensure the ongoing delivery of services to inhabitants. The municipality continues to utilise conditional grant funding in order to provide and improve services to areas previously having none or limited access to municipal services.

The 2017/18 audit opinion has regressed when compared to that of the 2016/17 financial year. The institution has received a qualified audit opinion. The Auditor General's report highlights internal control deficiencies identified in the billing system of the Municipality together with a significant ineffective system of internal control for receivables and revenue as required by section 64(2)(f) of the MFMA. An Audit Improvement Plan (AIP) has been prepared detailing the audit findings

together with the required corrective action to be taken. A committee has been created that is tasked with undertaking oversight of the actions to rectify audit findings and non-compliance related matters.

The municipality continues to reflect a positive credit risk. Despite the current economic climate, the municipality managed to maintain its investment grade credit of A in the long-term and A1 in the short term with a stable outlook.

The municipality faced the following challenges:

Despite the level of cash increasing the actual revenue and capital expenditure were below budget. This means that the municipality has not collected its budget revenue in full and that certain capital projects must be rolled over into the 2018/19 financial year which negatively impacts both service delivery and the revenue base of the municipality.

Outstanding services debtors are increasing year-on-year. This echoes the sentiment above that the budgeted revenue was not collected in full.

The current ratio is on the decline over the past three years. This indicates potential future pressure on the municipality and its ability to be financially sustainable.

The low level of repairs and maintenance trend continues.

Low levels of business confidence in the country and in BCMM have seen sharp falls in levels of investment.

The Metro continues to implement the key national project Municipal Standard Chart of Accounts (mSCOA). The main purpose of mSCOA is to develop transparency and expenditure control in the sphere of local government. This is done by introducing uniform expenditure classification in line with Provincial and National government, generally recognized accounting practice (GRAP) and uniform Treasury norms and standards.

Thank you


A. SIHLAHLA
CITY MANAGER

T1.1.1.

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Electricity

In terms of the South African Constitution it is the responsibility of a municipality to provide services to its constituency specifically the distribution of electricity. BCMM Electricity Department provide this service under a license which is issued by the National Energy Regulator of South Africa (NERSA).

The license issued by NERSA to BCMM only allows the Electricity Department to distribute electricity within the urban edge as they have maintained Eskom historical license for the provision of electricity outside the urban edge. While NERSA has the right to issue such a license it should be done in terms of the Constitution and the Municipal Systems Act which allows for a service provider other than a municipality to provide a service, but it should be done through a service level agreement within whose jurisdiction the service is being provided.

Without such an agreement the municipality cannot ensure the same level of services are provided to all residents of BCMM.

Such an example is street lighting. Eskom does not provide street lighting in the areas under their control, BCMM cannot provide street lighting in these areas as they receive no income from electricity as Eskom's tariff does not cater for street lighting unlike the BCMM tariff which is higher than Eskom's but allows for the provision of street lights.

If the service level agreement was in place, BCMM, as allowed by the MFMA, could request a surcharge on the Eskom bill to allow for street lighting in areas which require street lights.

In terms of the license issued to BCMM Electricity Department the department must provide a safe, reliable and effective service to all legal consumers.

In some areas this is a difficult task due to the proliferation of informal dwellings, which leads to illegal connections that overload the electrical network causing interruption of service to the community who are legally entitled to the service.

While BCMM are doing everything possible to remove illegal connections and ensure the service, it is impossible for the electricity department to resolve the illegal act of making unreliable unsafe connections to the network.

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

Water and Sanitation

The BCMM is both the Water Services Authority (WSA) and Water Services Provider (WSP) providing Water, Sanitation and Scientific Services with their primary duty as water services provider to the Municipality. The Amatola Water Board is an appointed WSP which provides bulk services to the Municipality. The BCMM Water Department achieved a substantial 99% compliance with prescribed national water quality standards which is above the Department's own set target.

Access to piped water has increased from 97.7% to 98% and access to adequate Sanitation (Flushing) is up from 89.2% to 90.2% BCMM is served by seven (7) dams which six (6) are owned by Department of Water and Sanitation (DWS) and operated by Amatola Water Board. The Department of Water and Sanitation is the lead agency taking responsibility for the supply and demand to ensure 98% assurance of water supply.

Roads and Stormwater Management

Buffalo City Metro as a Category A municipality has exclusive powers and function on roads in its area of jurisdiction except for Provincial and National Roads. Municipal roads constitute a majoring of roads in the Buffalo City Metro, with the following profile being recorded.

- Gravel roads to the tune of approximately 1300 Km which includes unconstructed roadways.
- Surfaced roads to the tune of approximately 1600 Km which includes bitumen, paving and concrete surfaced roadways

Management of stormwater in built-up areas is also an exclusive function of the Buffalo City Metro in its area of jurisdiction.

Approximately 550 Km of piped stormwater network coupled with 20300 associated cathpits and manholes/inlets

Solid Waste Management

The Department of Solid Waste Management Services is one of the Departments under the Municipal Services Directorate responsible for provision of waste management services. The Department has in the Inland, Midland and Coastal Regions an Operations Unit. The Operations Unit in the three regions is responsible for Area Cleaning which involves among others Street sweeping, refuse removal as well as clearance of illegally dumped waste. In the Coastal region the refuse removal service is currently provided in eleven areas. In the Midland region the refuse removal service is provided in six areas and in the Inland region, the service is provided in twelve areas daily. The Department of Solid Waste Management Services also has a Waste Minimisation, Education & Planning Unit. This Unit among others is responsible for developing programs and initiatives that favor waste minimization and diversion of waste from landfill disposal. This Unit also conducts daily awareness raising activities to communities to, among others, prevent littering and illegal dumping of waste. This Unit is also responsible for projects to enhance waste recycling viz: Waste separation at source, establishment and management of a Buy-Back Centre as well as a review of the Integrated Waste Management Plan. The Department is also responsible for operations and management of the Landfills and Transfer Station Management Unit. This involves among others ensuring that the daily operations and management of these waste management facilities are compliant to the legal requirements of the legislation governing waste management. BCMM has two permitted landfill sites viz: Roundhill and King William's Town Landfill sites and nine Transfer Stations.

Housing:

In the financial year 2017/2018, the Directorate had a target of 583 top structures, 866 internal services and 2 000 beneficiary registration. The Directorate has over achieved and succeeded to complete 583 top structures, 1 572 internal services and 2 288 beneficiaries were registered in the National Housing Needs Register (NHNR). BCMM provided 50 Temporary Shelters to the Destitute Families within its jurisdiction and has conducted 20 sessions of Housing Consumer

Education in BCMM Wards as an attempt to educate prospective beneficiaries and existing beneficiaries about the processes that lead to the ownership, management and maintenance of a house.

Approximately 2915 homeless people were moved from informal settlements to decent housing units that were provided individual owned waterborne sanitation, under-ground water including proper roads. About 1 195 households residing in rural areas rescued from cracking mud structures and provided with high quality housing units equipped with water reservation tanks.

The creation of affordable and well-located rental stock for the rapidly-growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a priority. However, a major challenge for the Metro has been the shortage of well-located and affordable land for housing provision.

In addition, the Metro has lacked a coherent strategy for land acquisition, apart from the fact that public land is 'vested' in the State. In addition, there is simply no municipal-owned land available for human settlements development in the Metro. Thus, there is a need for further land acquisition. Land release is further hampered 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.

In response to this challenge, the Metro engaged the Housing Development Agency (HDA) and signed a protocol agreement that will allow for land release and acquisition.

Local planning approvals

Each municipality must have a Zoning Scheme, including Buffalo City Metropolitan Municipality. A Zoning Scheme is a category setting out the purpose of which the land, being as specific property, may be used and the land use restrictions applicable in respect of the said category of directions as determined by the relevant zoning scheme regulations.

When a property owner wants to change his land use or alter the applicable land use restriction on the said property, the property owner needs to submit a land use application to the City Planning Division. These land use applications can be in the form of a rezoning, special consent, temporary departure, permanent departure or a subdivision. These applications are then processed in the prescribed manner as per the relevant legislation applicable. It must be noted that there are still different planning legislations applicable for different areas in BCMM. The new Spatial Planning and Land Use Management Act 16 of 2013 will eventually be the only planning legislation in place to approve planning applications. But before that all other planning legislations and regulations still in place must be repealed, which can only be done when the new Provincial Planning Legislation is in place. In the 2017/2018 Financial Year a total amount of 1043 planning applications were approved by BCMM. These were made up of the following approvals:

- 77 Subdivisions
- 75 Rezoning's
- 17 Special Consents
- 855 Permanent Departures (Building lines)
- 18 Temporary Departures

Local economic development

In year 2017/18 Buffalo City Metro increased its efforts in responding to de-industrialization, low economic activity, low investment in key economic sectors resulting in low productivity, high rate of failure of SMMEs, the scourge of unemployment and rising poverty. In dealing with these complex issues, Buffalo City Metro, through its Economic Development and Agencies Directorate had to forge new and strengthen existing strategic partnerships to leverage further resources and technical expertise.

Following the development of a Master Plan for the Revitalization of the Dimbaza Industrial area into an Eco Industrial and Agro-processing Hub in the previous year, Buffalo City entered into a Memorandum of Agreement with the Eastern Cape Development Corporation to contribute towards infrastructure upgrade. This initiative also saw crowding in of financial support from other key stakeholders such as the National Department of Trade and Industry (the DTI) and the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism also invested R50million and R12million respectively. The planning and designs have been finalised.

Collaboration with National Treasury, World Bank and IFC on reducing the Cost of Doing Business by introducing interventions that improve turnaround times in the City's Business Processes. Although the speed at which the city was able to implement its reforms was less than optimal, Buffalo City was able to participate in the Sub-National Cost of Doing Business Survey, the results of which will be published in September 2018.

Collaboration with Services SETA for a three-year period amounting to R31, 6million towards Learnerships, apprenticeships, bursaries and internships. Services SETA, working together with Buffalo City and the Provincial Department of Public Works will be undertaking renovations at the Sekunjalo Skills Centre. The second part of the partnership involves the refurbishment of two blocks at the Sekunjalo Skills Centre in Mount Coke. The site hand-over took place in June 2018 and the project will be completed in June 2019.

Collaboration with the Department of Co-operative Governance and Traditional Affairs (COGTA) on the Community Works Programme where an amount of R26million has been set aside for two thousand (2 000) participants. Whilst this programme does not equate to full-time employment, BCMM and COGTA are committed to ensure that it contributes towards poverty alleviation and people graduate towards self-employment or are upskilled after this intervention.

Buffalo City Metro is collaborating with key local stakeholders that include BKCOB, ECDC, EL IDZ in driving Investment into Buffalo City. This Invest Buffalo City Initiative is working hard on positioning Buffalo City as a preferred destination to invest, work, live and play.

Collaboration with Mercedes Benz South Africa (MBSA) on several areas including the Green City campaign, Skills Development through its Academy, provision of internet access and Investment Promotion. Buffalo City extended its international twinning relations and included Yubei District in Chongqing in China with the main objective of bringing investors to its shores.

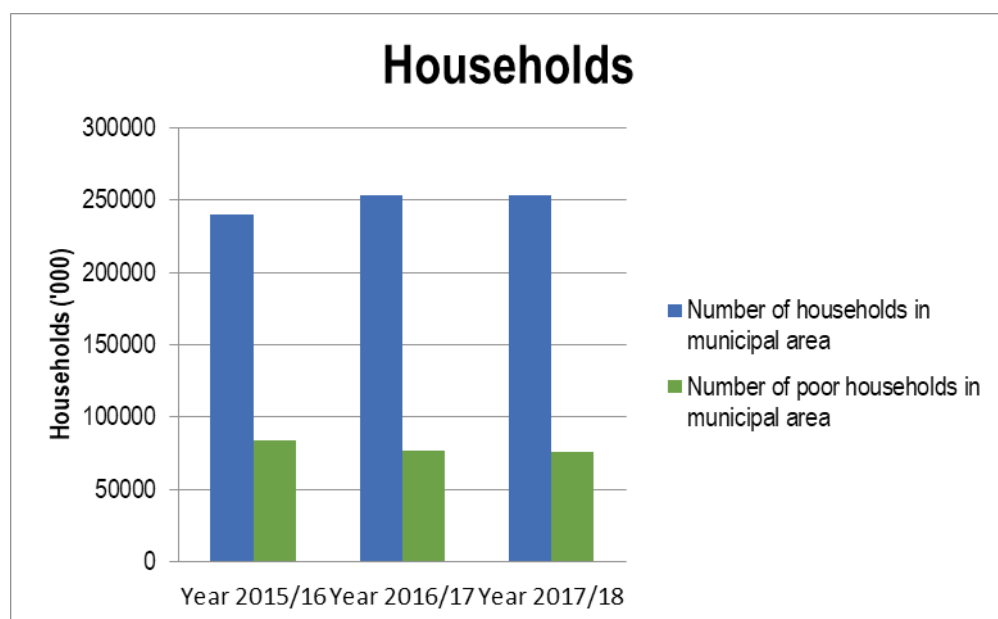
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Population Details									
Age	Year 2015/16			Year 2016/17			Year 2017/18		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	41687	40539	82226	45775	44281	90056	45775	44281	90056
Age: 5 - 9	35399	34292	69691	46487	45861	92348	46487	45861	92348
Age: 10 - 19	65780	65939	131719	74402	82796	157198	74402	82796	157198
Age: 20 - 29	76275	79680	155955	76376	76228	152604	76376	76228	152604
Age: 30 - 39	56413	61240	117653	60703	65045	125748	60703	65045	125748
Age: 40 - 49	43956	53749	97705	45078	49705	94783	45078	49705	94783
Age: 50 - 59	33007	42319	75326	32073	39920	71993	32073	39920	71993
Age: 60 - 69	17070	22725	39795	16016	12105	28121	16016	12105	28121
Age: 70+	10819	20328	31147	7265	13902	21167	7265	13902	21167

Source: Statistics SA

T 1.2.2

HOUSEHOLD DATA

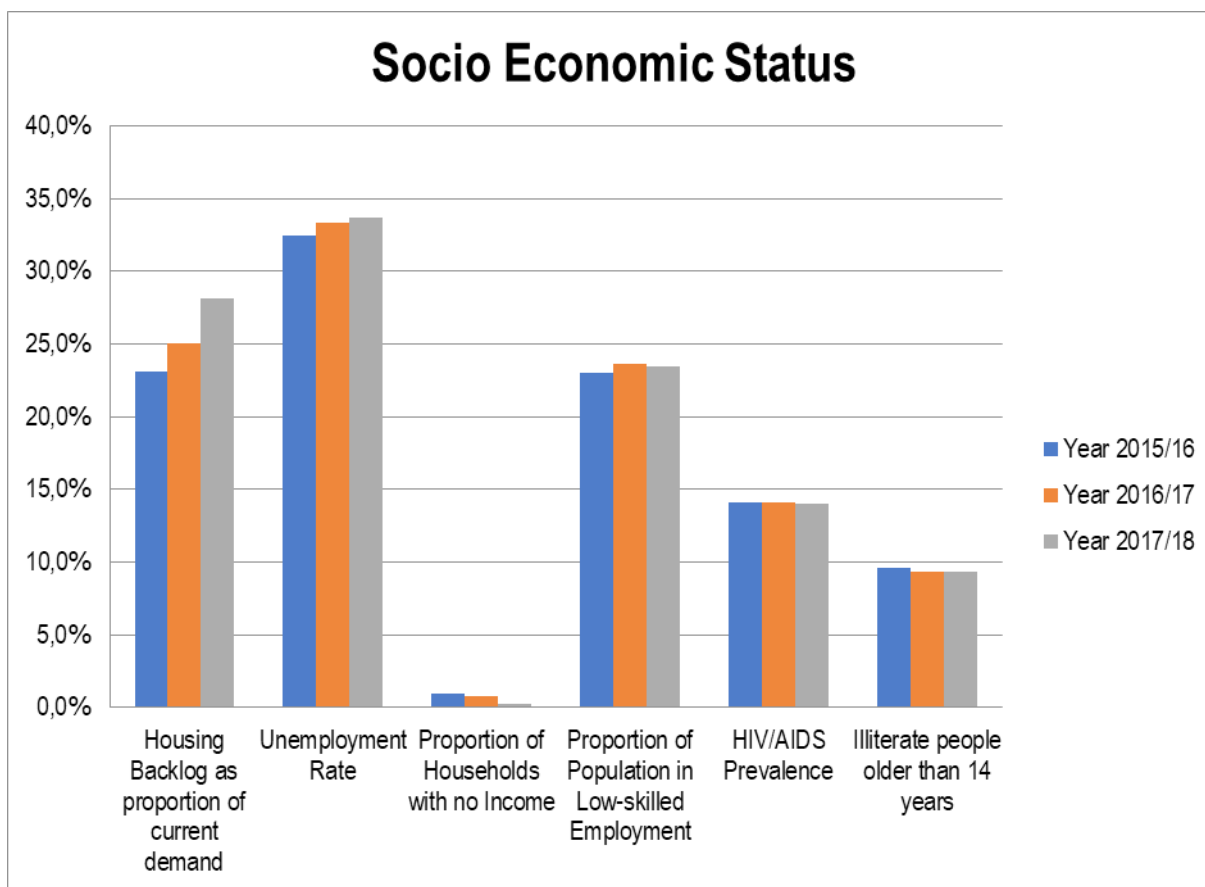


T1.2.3

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
Year 2015/16	23,1%	32,4%	0,98%	23,01%	14,11%	9,57%
Year 2016/17	25,0%	33,4%	0,79%	23,67%	14,08%	9,37%
Year 2017/18	28%	34%	0,27%	23,46%	14,04%	9,32%

T 1.2.4



T1.2.5.

OVERVIEW OF BCMM NEIGHBOURHOODS

OVERVIEW OF NEIGHBOURHOODS WITHIN BUFFALO CITY METROPOLITAN MUNICIPALITY		
Settlement Type	Households	Population
Towns		
East London	100475	147,912
King William's Town	9912	32,217
Bhisho	3921	11,196
Sub-Total	114308	191,325
Townships		
Mdantsane	50736	181,812
Phakamisa	1887	1,923
Zwelitsha	5412	18,186
Ginsberg	3204	10,767
Dimbaza	6381	20,898
Duncan Village/Gompo	546	28,683
Sub-Total	68166	262,269
Rural settlements		
All Rural Settlements	71003	381,403
Sub-Total	71003	381403
Informal settlements		
Rural Informal Dwellings		
Township Informal Dwellings		
Town Informal Dwellings		
Sub-Total		
Total	253477	834997

T 1.2.6

ELECTRICITY

To ensure the electricity department provides the required service it has three distinct sections. The division's mandates are as follows:

Development, Contracts and Asset Management: this section is tasked to ensure that the network remains well designed, in terms of upgrading, protections levels, manages all contract works and is responsible to maintain the asset register and ensure that equipment reaching the end of their lifespan is scheduled for replacement.

- Investigate, design and upgrade existing electrical network
- Replacement of capital equipment when required.
- Provide a project management service on installation done by Developers
- Inspect assets and prepare maintenance schedules
- Inspect work completed on the maintenance schedule
- Update and maintain electricity department Asset register

Customer Care and Revenue Protection: This section is responsible to provide customer service by providing new meters to consumers, giving advice when requested, maintaining the service kiosk, identifying illegal connections, removing illegal connections, identifying tampered meters and investigating any illegal act which may affect the municipal electrical network

- Installation of new service connections
- Information concerning Electricity Department
- Repairs and replacement of non-functioning meters
- Inspection of meters
- Removal of illegal connections
- Investigation of theft, vandalism and illegal connections

Operation and Maintenance: This section is responsible to maintain the electrical network, provide a 24 hours standby service and repair any fault which affects service delivery

- 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

WATER AND SANITATION

Water Services is currently supplying 6 kiloliters of water free per month to all registered indigent consumers. Approximately 249 000 households have access to basic water supply and 229 000 have access to basic sanitation services in the form of either flushing or Ventilated Pit Latrines (VIPs) in rural areas. The remaining percentage of consumers have a form of water supply either below basic level of service or through tanker deliveries.

Insufficient budget allocations as well as the aging infrastructure have imposed a major challenge when it comes to the access to basic water services. The lack of network integration in some areas especially rural systems makes it difficult to optimize available water resources and ensure the service continuity in cases of break down. Increasing incidents of sewage overflows due to the deposition of foreign objects in the system, theft, vandalism and inadequate sewer capacity in some catchments threatens the environment.

The functions of Water Services Authority and Water Services Provider have been allocated in dedicated units within the infrastructure directorate of the municipality. They are supported by a dedicated quality control unit which monitors portable water and effluent compliance with quality standards.

ROADS AND STORMWATER MANAGEMENT

The roads and stormwater functions are dispensed within a joint business unit, within the Infrastructure Directorate of the municipality. The work profile constitutes a backlog of deferred maintenance which has been accrued over a long period of reactive maintenance of the network. This work has been assessed in 2011 to develop a profile of the road and stormwater network. It is estimated that the municipality would require at least R600 million per annum to turn the situation around. With limited funds, the municipality is providing at least R80 million per annum for a recapitalization program over and above the R200 million invested in new and upgrade of existing infrastructure. Challenges of climate change are forcing the municipality to consider alternative means improving the pavement conditions in a manner that will extend its lifespan reduce the maintenance intervals.

SOLID WASTE SERVICES

The Solid Waste Management Services Department provides the waste management service to BCMM's Coastal, Midland and Inland regions. BCMM currently provides waste management service to about 126 000 billed households as well as 101 806 indigent households. In order to carry out the waste management service the Department has an Operations Unit in all three regions (Coastal, Midland and Inland). The Operations Unit's tasks include among others viz: Area cleaning, Refuse removal as well as clearance of illegally dumped waste.

The Solid Waste Management Services is provided in the three regions as outlined below:

INLAND REGION

In the Inland Region, the Waste management service is provided in eleven areas daily. The minimum resources used is twelve (12) Drivers, eleven (11) Refuse Compactor Trucks and one (1) Open Truck for household collection. The Night Shift uses two (2) Drivers and two (2) Refuse Compactor Trucks for Business Waste Collection in King William's Town. The Daily Status Report reflecting the areas serviced areas, backlog(s) and corrective measure(s) implemented is prepared daily.

STREET SWEEPING

The Street sweeping, litter picking, and gutter clearing are done in all main routes in the townships, King William's Town CBD and main entrances within the jurisdiction of the inland region.

COASTAL REGION

Solid Waste Department Coastal covers 15 areas daily using 17 Drivers, six Refuse Compactor Trucks for household collection, two for businesses and two load Luggers for skips in Businesses. Night Shift uses 4 Drivers and 4 Refuse Compactor Trucks each day. A status report is developed daily which indicates areas serviced, monitoring, backlog and corrective measure.

STREET SWEEPING

Street Sweeping and litter picking is done by both day and night shift staff concentrating mainly on the CBD, Main routes, shopping malls; Exits, Entrances to East London. This function comprises a total of 180 staff including day and night shifts

The minimum resources used is twelve (12) Drivers, eleven (11) Refuse Compactor Trucks and one (1) Open Truck for household collection. The Night Shift uses two (2) Drivers and two (2) Refuse Compactor Trucks for Business Waste Collection in King William's Town. The Daily Status Report reflecting the areas serviced areas, backlog(s) and corrective measure(s) implemented is prepared daily.

MIDLAND REGION

Midland Region covered seven areas using 8 drivers and 8 compactor trucks daily, but due to frequent truck breakdowns the Region was using 5 Compactor Trucks for the months of December 2016, January and February 2017. 1 Compactor Truck was used for Businesses, and Night Shift was using 1 Driver and 1 Refuse Compactor Truck. 1 Load Luger was for clearance of Skips, Business waste collection for Mdantsane and surroundings.

STREET SWEEPING

Street Sweeping is done by Night Shift and Day Shift staff concentrating mainly on Highway CBD, Main routes, Exits, Entrances and management of collection points and complaints.

LANDFILL SITES

Waste generated within BCMM jurisdiction is disposed of in the following Landfill Sites i. e.

Roundhill Landfill Site in Berlin
and King William's Town Landfill Site

Both these sites are GLB+ landfill sites that are estimated to have a combined average waste disposal capacity of 850 to 1300 ton of Municipal Solid Waste per day. The estimated lifespan of these sites is ± 15 years.

GARDEN TRANSFER STATIONS

Buffalo City Metropolitan Municipality has got transfer stations where garden waste is dropped, the Beacon Bay Garden Transfer Station and the Gonubie Transfer Station, which is privately owned.

Waste Minimisation, Education & Planning Unit - develops programs and initiatives that favor waste minimization and diversion of waste from landfill disposal. These include: waste separation at source, establishment and management of a Buy-Back Centre. BCMM has one BBC which is fully operational, and this is situated at the BBC at Oriental Piazza in East London.

Achievements of Solid Waste Department during this year of reporting are as outlined below:

A weighbridge has been installed in the KWT Landfill site in order to weigh the amounts of waste received and managed on this site. This information is meant to assist the municipality in decision making for other possible waste management solutions.

In the Roundhill Regional Landfill Site situated in Berlin, the Department has remediated Cell 1 and Cell 2 and the general aesthetics of the site including gas and water monitoring systems as required by Waste Management regulations. The site has been turned from an 84% Non-Compliance to more than 80% compliance state.

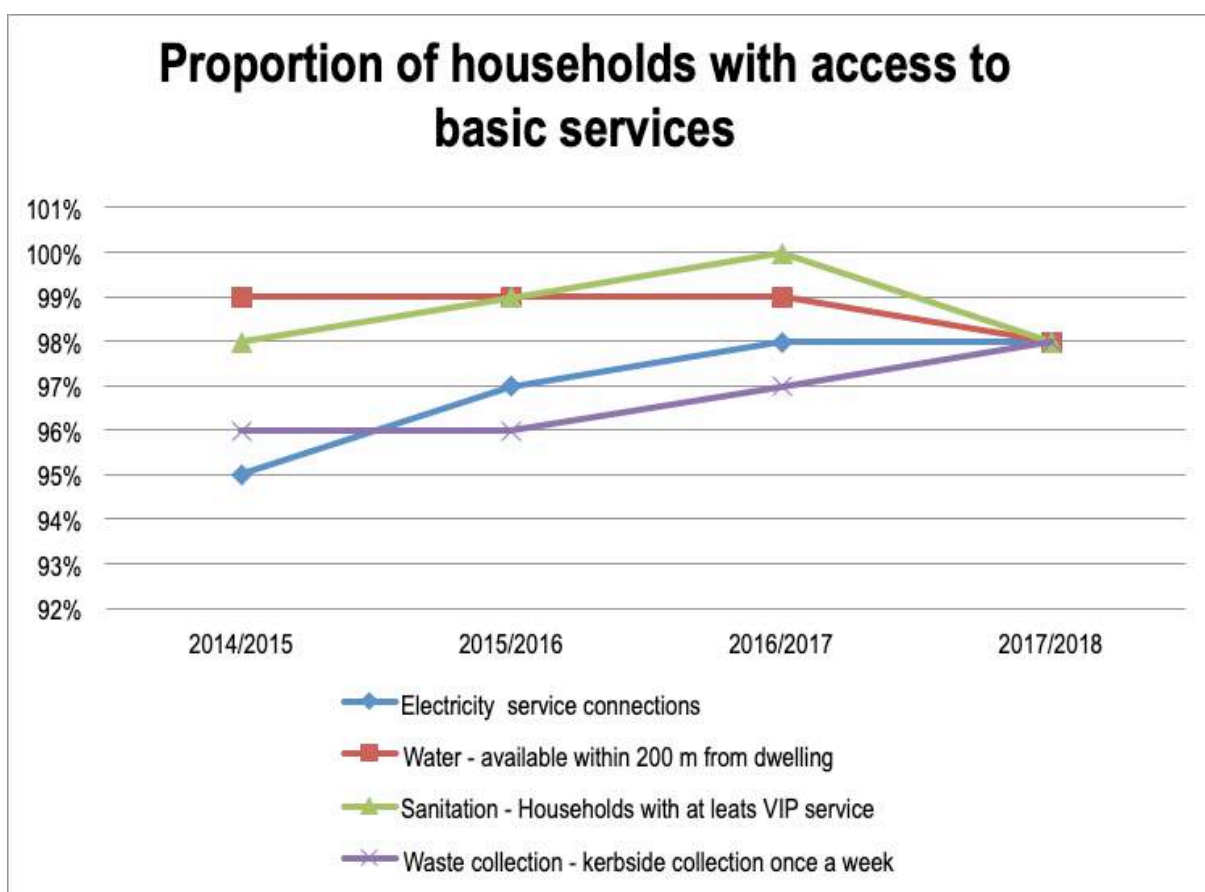
Establishment of Monitoring Committee for the Roundhill Landfill Site to ensure continuous compliance of this site.

The Department continues to provide awareness raising campaigns to various communities, however challenges like littering and illegal dumping of waste continue to be a challenge.

Implementation of Call 2 Action Programme under the BCMM – BKCOB partnership to specifically deal with waste management issues.

BCMM as indicated above provides Waste Management Services that includes area cleaning street sweeping as well as management of waste management facilities the Solid Waste Management Services Department provides Waste Removal Service in the households in Urban Edge of BCMM. This includes provision of waste removal services to 101 806 Indigent households.

T 1.3.1.



T 1.3.2

COMMENTS ON ACCESS TO BASIC SERVICES

The BCMM Water Department has achieved a 98% access to basic level water supply. 2% of households are still required to be serviced which are mostly from villages that have been included after the 2016 local government elections. These villages were getting water supply that was not meeting the minimum standards. The Water Department is currently providing temporary measures to ensure access. To eradicate these backlogs a budget of R176 million and R200 million is required for Water and Sanitation respectively. In general, access to basic services has increased significantly over time in BCMM.

The following key achievements are noted:

98% of the BCMM population has access to minimum basic water services and approximately 75 868 indigent consumers received free basic water (6kl per month). However, BCMM is generally a stressed region, which is due largely to the lack of additional capacity at water treatment plants and water losses owing to aging and poor maintained infrastructure. The department has also managed to reduce water losses by a massive saving of 4 148 357 kilolitres in the past three years.

The Sanitation department is operating fifteen sewer treatment works servicing the three operational districts. Due to the new developments and housing rollout, sewerage system across the municipality lack sufficient spare capacity. The aging infrastructure, vandalism and theft are the main contributors to the increased incidents of sewage overflows that threatens the environment. This limits development, and in particular, limits the development potential of Industrial Development in some drainage zones. In order to address some of the identified challenges, BCMM established and are implementing regional wastewater treatment works in King William's Town at Zwelithsa and Reeston to unlock developments in the Inland and Amalinda drainage zones areas respectively.

Informal Settlements have access to minimum standards of sanitation. Approximately 58 797 indigent consumers received free basic sanitation. There are several villages that still require to be provided with basic sanitation in the form of VIPs, the department is rolling out approximately 3000 VIPs a year.

Electricity

- In terms of the electricity backlog, this is affected by three elements:
- Electrification of formal RDP houses which is considered the formal backlog as these houses are built of approved erven and are built to reduce housing needs to previously disadvantaged communities.
- In the BCMM area of supply, this backlog is due to ongoing housing projects and infill houses built after housing project completion, as each

house built becomes a backlog; this is usually rectified within a year due to the ongoing INEP program funded by the Department of Energy.

- The delay is due to the DoE funding criteria, as projects must meet the 80% complete and occupied criteria.
- The second area which has an effect on the electricity backlog is the informal dwellings within BCMM these are households that require both housing and electrification.
- The BCMM council has taken a decision to electrify some of these areas, which meet the informal dwelling electrification criteria, the main criteria being that the area must have a formal layout and be BCMM property.
- Thirdly in the ESKOM area of supply, the backlog is mainly caused by extensions to already electrified villages, the main delay on the extension being electrified is that many of them do not meet electrification guideline of having a formal layout plan

Waste removal

As the City is growing the scope for provision of Waste Management Services is also extending. As a result, the City will undertake an exercise to identify appropriate service delivery models that would ensure provision of effective Solid Waste Management Services that will meet the Demand.

T 1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The 2017/2018 financial year depicts economic challenges that the country continues to experience; as a result, Buffalo City Metropolitan Municipality's financial performance did not achieve the anticipated outcome. BCMM however remains in a financial healthy position.

A surplus (including capital transfers and contributions) that amount to R365 million was achieved for the year under review. This reflects an unfavourable variance of R614 million in comparison to the budgeted surplus of R979 million.

The unfavourable revenue variance was a net result of variances from the following revenue sources:

- Property rates revenue: total revenue realised was R0.973 billion which was R0.148 billion below the budgeted amount of R1.121 billion.
- Service charges: realised a total revenue of R2.678 billion which was R0.258 billion below the budgeted amount of R2.936 billion.
- Investment revenue: interest earned on investments was R126 million which was R5 million below the budgeted amount of R131 million.
- Transfers recognised – operational: total revenue realised was R1.356 billion which was R0.023 billion below the budgeted amount of R1.379 billion.
- Other own revenue contributed R348 million to the City's revenue and this was R38 million below the budgeted other revenue of R386 million.

The City's total operating expenditure also experienced an unfavourable variance. The total expenditure incurred amounted to R6.063 billion in comparison to a budget of R5.953 billion, thus resulting in a unfavourable variance of R0.110 billion. The largest contributors to this variance were:

- Debt impairment: it amounted to R310 million which was R135 million above the budgeted expenditure of R175 million.

- Depreciation & asset impairment: it amounted to R993 million which was R17 million above the budgeted expenditure of R976 million.
- Other expenditure: it amounted to R1.225 billion which was R0.069 billion above the budgeted expenditure of R1.156 billion.

The total capital revenue recognised amounted to R931 million in comparison to a budget of R977 million, thus resulting in a unfavourable variance of R46 million.

The statement of financial position for 2017/2018 reflects a favourable position as the City is having excess assets over liabilities resulting into the net worth of R19.53 billion. The value of the municipality's total assets is R22.05 billion, which comprise of current assets to the value of R3.24 billion and non-current assets amounting to R18.81 billion. The value of the municipality's total liabilities is R2.52 billion, which comprise of current liabilities to the value of R1.65 billion and non-current liabilities amounting to R0.872 billion.

The long-term loans comprise a total of R345 million, which is a decrease of R53 million 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.

Buffalo City Metropolitan Municipality is instituting the following cost containment measures:

- Filling of vacant funded posts that are on moratorium (these are post that were vacant pre-April 2017) remain frozen with the exception of posts that have been identified by management as critical which must be lifted. Posts that become vacant after April 2017 are not affected by the moratorium and are filled as per the norm.
- The employee allowances that are paid by the City are under review to eliminate possible duplication.
- The exercise of scrutinising cost drivers within the municipality's value chain to identify areas for efficiency improvement is still on-going.

The City has a strong cash and cash equivalent and can easily meet its immediate obligations, however, the stagnant revenue base is a threat to the City's cash position and as a result, the City has adopted an aggressive Revenue Enhancement Strategy, which includes revenue generation, accuracy of meter reading, regular supplementary valuations, and ensuring all residents receive a correct bill that the City has rendered thereby contributing to the confidence of the consumers.

T 1.4.1

Financial Overview: 2017/2018			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	1 368 106	1 379 116	1 819 160
Taxes, Levies and tariffs	4 237 180	4 057 822	3 704 826
Other	594 743	517 558	904 006
Sub Total	6 200 028	5 954 496	6 427 991
Less: Expenditure	6 198 140	5 952 833	6 062 455
Net Total*	1 889	1 663	365 536
T 1.4.2			

Operating Ratios	
Detail	%
Liquidity Ratio	2.0 : 1
Cost Coverage	3.9
Total Outstanding Service Debtors	19.0%
Debt Coverage	49.8
Efficiency	100%
Capital Charges to Operating Expenditure	1.5%
Employee Costs as a percentage of Operating Expenditure	31.3%
Repairs & Maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions)	1.9%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

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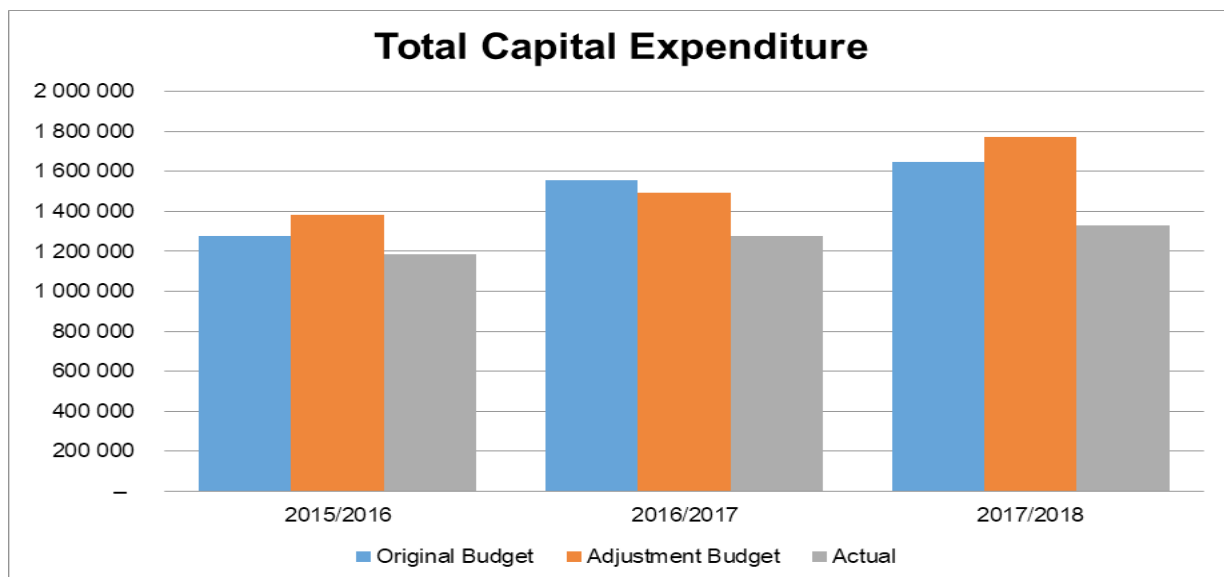
Employee Costs as a percentage of Operating Expenditure: The rate of 31.7% is within the norm of 25% - 40%. It is calculated by dividing the total employee cost by the total operating expenditure.

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 at carrying value and is calculated by dividing total repairs and maintenance by the carrying value of property, plant and equipment. The rate remains below the norm of 8% for the Metro. The rate has deteriorated to 1.9% currently when compared with 2.4% (2016/17). The City is augmenting its assets maintenance programme by using part of its own funding towards capital investment on renewal of existing assets.

T1.4.3.



Total Capital Expenditure: 2015/2016 - 2017/2018			
Detail	2015/2016	2016/2017	R'000 2017/2018
Original Budget	1 275 354	1 558 134	1 646 166
Adjustment Budget	1 381 277	1 493 827	1 771 575
Actual	1 186 373	1 276 301	1 426 514
			T 1.4.4



T 1.4.5

COMMENTS ON CAPITAL EXPENDITURE

Buffalo City Metropolitan Municipality spent 81% of its capital budget; this reflects a decrease when compared to the previous financial year where 87% was spent.

The contributing factor to the decrease when compared to the previous financial year is under-performance from the following areas:

- Public Transport Infrastructure Grant – the City had an allocation of R79 million for capital projects in the 2017/2018 financial year and only R42 million was spent. This was due to the termination of the contract after the service provider could not meet compliance matters, a replacement contractor was only appointed end June 2018.
- Own funded projects also contributed to the decrease when compared to the previous financial year as R298 million of the own funding budget was unspent. 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. These inefficiencies are being addressed by management.

The capital expenditure incurred in the 2017/2018 financial year was funded through grants and subsidies and own funding. Buffalo City Metropolitan Municipality spent 95% of its total capital grants budget. The largest funding source was the Urban Settlement Development Grant which is focused on developing new urban areas for habitation. Buffalo City Metropolitan Municipality spent 100% of its 2017/2018 USDG capital budget of R857 million. This grant is utilised to ensure that service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas. It is also used to complement the City's capital assets renewal programme.

T 1.4.5.1

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

With the assistance of National Treasury, the Government Technical Advisory Centre (GTAC), has undertaken a Diagnostic Assessment of Buffalo City Metropolitan Municipality that was concluded during January 2018, to assist BCMM to institutionalise and implement its 2030 Metro Growth and Development Strategy (MGDS) and provides the basis for the next review of the organisational structure that is currently being undertaken. The writing of job descriptions and the formal evaluation of jobs by the Job Evaluation Unit is currently being undertaken. BCMM has also established an internal job evaluation audit committee in order to expedite the implementation of job evaluation.

T 1.5.1

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2017/2018 (CURRENT YEAR)

The 2017/18 Audit Opinion has regressed when compared to that of the 2016/17 financial year. Buffalo City Metropolitan Municipality received a qualified audit opinion. On the report, the AG has pointed out that an effective system of internal control for receivables and revenue was not in place as required by section 64(2)(f) of the MFMA, as significant internal control deficiencies were identified in the billing system of the Municipality. The detailed AG findings are outlined in Chapter 6 of the Annual Report.

T 1.6.1

1.7 STATUTORY ANNUAL REPORT PROCESS

	Activity	Timeframe
1	Consideration of the Annual Report process plan by the BCMM Top Management	July
2	Present the Annual Report Framework and solicit buy-in from Senior Management Team.	
3	Establish Committee for Annual Report process overseer (To oversee the whole process of Annual Report)	
4	Conducting briefing sessions with all Directorates and share previous challenges as outlined by the Annual Report 16/17.	
5	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
6	Finalize the 4 th quarter Report for previous financial year	
7	Submit draft 2017/2018 Annual Report to Internal Audit and Auditor-General	
8	Municipal entities submit draft annual reports to MM	
9	Provision of final approved content to the project leader and team	August
10	Submission of Annual Report Performance Report information (section 46 Report) inputs.	
11	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	
12	Mayor tables the unaudited Annual Report	
13	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	September
14	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
15	Collate and produce Annual Report draft.	
16	Submit AR draft to Annual Report Committee.	
17	Facilitate the writing and Editing of Mayors Foreword and Municipal Managers statement.	
18	Present AR draft to Senior Management Team to finally quality assure and validity check and sign off	
19	Audited Annual Report is made public and representation is invited	
20	Oversight Committee assesses Annual Report	October
21	HoDs engage with MMCs on Draft Annual Report	
22	Submit Draft Annual Report to Internal Audit for comments	November
23	Internal Audit submit AR with comments to the department	
24	Consideration of Internal Audit comments	December
25	Design, layout and proof read	
26	Submit Draft AR to AG for Audit	
27	Council adopts Oversight report	
28	Oversight report is made public	
29	AG submit AR to BCMM with comments	
30	Printing of draft Annual report for Council meeting	
31	Table draft Annual report in Council	January
32	Oversight report is submitted to relevant provincial councils	
33	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	February
34	Table final Annual Report in Council	
35	IDP submit AR to Organizational Support	March
36	Printing and distribution of AR to all relevant stakeholders	
37	Publicize, Print and distribution to all stakeholders	April
38	Oversight review of the Annual Report by MPAC (Annual Report public hearings)	
39	Table oversight report on Annual Report in Council	April
40	Publicize of Oversight Report	

T 1.7.1

COMMENTS ON THE ANNUAL REPORT PROCESS

To comply with the statutory requirements dictated by all relevant legislation that guides the development of the Annual Report it is critical that meeting the timelines set and ensuring that all the information provided in the report is credible, useful and reliable. BCMM has undertaken reasonable actions to ensure that information presented in this report is factual and can be supported 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 the BCMM, organisational performance management is linked to individual performance management and this assists to align the whole performance management system.

T 1.7.1.1

BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

CHAPTER TWO

GOVERNANCE

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METROPOLITAN MUNICIPALITY

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CHAPTER 2

GOVERNANCE

INTRODUCTION TO GOVERNANCE

The governance model implemented by the Buffalo City Metropolitan Municipality does not follow the “doctrine of separation of powers”. This model makes a clear distinction between the legislative and executive powers, however, there are still discussions in council to adopt the model. The model is supposed to be implemented within the framework of the Constitution and other local government legislation as well as other supporting policies of BCMM. The focus is on promoting effective oversight and accountability through the allocation of powers and functions to both the legislative and the executive authorities in the municipality.

Furthermore, BCMM adopted a system of delegations, which guides and supports the implementation of the governance model. The implementation of this governance model has had a positive impact on promoting transparency and responsiveness thus making a sizeable impact on the benefits accrued to the residents of BCMM. Where there are strong mechanisms for accountability the organisation becomes more responsive and improves its transparency on how things are done.

T 2.0.1

COMPONENT A:

POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Council of Buffalo City Metropolitan Municipality is enjoined by the Constitution of the Republic of South Africa, 1996 Municipal Structures Act 1998, Municipal Systems Act, 2000 Municipal Finance Management Act 2003 and other applicable Acts of Law. To set the appropriate Council Structure in tandem with Section 79 as per the provisions of the Municipal Structures Act. To effectively and efficiently promote and enhance the culture of good governance and best practices. To build and strengthen relations between the structures of Council and members of public. To monitor and enforce compliance and observation of regulatory directives that govern Local Government in general and Buffalo City Metropolitan Municipality in particular. To promote close interface and sound relations between the Political and Administrative Structures with an intention to provide qualitative and sustainable service delivery.

The Mayor, in consultation with the Municipal Manager, is responsible for the formulation of policies, plans, strategies and programmes necessary to perform and exercise the municipality's constitutional functions and responsibilities. In consultation with the Municipal

Manager, identify those areas of the municipality's activities and responsibilities that need the assistance of a specific committee of Councillors to investigate, discuss, evaluate and report on to the Mayor.

The Mayor, in consultation with the Municipal Manager, must ensure that the agenda and minutes are in place for each of the committees, that the committees meet on a regular basis and submit reports to him timely, receives reports with recommendations from the Managers through the office of the Municipal Manager, on all matters that must be handled by either the Mayor himself or the Council in terms of the delegation of powers of the Council.

The Mayor must consider the matters raised in these reports and must either dispose of them in terms of his delegated powers or must forward them with his recommendation to the Council for consideration. The Mayor receives reports with recommendations from the committees established for specific matters, considers the matters raised in these reports, and must either dispose of them in terms of his delegated powers, or must forward them with his recommendation to the Council for consideration.

The Mayor is responsible for the quality and speed of decision-making and should ensure that integration between the various committees take place. In consultation with the Municipal Manager, the Mayor plays a prominent role in building, maintaining and enhancing a good relationship between the Council, Councillors and the administration. The Mayor is responsible for political supervision of, and in consultation with the Municipal Manager, for the accountability of the administration;

The Mayor is responsible for liaison with the community, ward committees, other committees and Councillors, and political office bearers in the different spheres of government. The Mayor should be available on a regular basis to interview the public and visitors to the municipal offices, and to interact with prominent business people as well as developers.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

In line with the Legislative requirements, Buffalo City Metropolitan Municipality (BCMM) is instructively mandated to have functional structures which must discharge the assigned roles and responsibilities as outline in the Municipal Structures Act. BCMM consists of 100 Councillors. These Councillors include 50 elected Ward Councillors and 50 political representative councillors. The Council of BCMM is further constituted by 20 Traditional leadership, as a strategic social partner. They provide advice to the Council given their standing and influence in the society. It is against this background that the Traditional leadership participates in all the activities of the Council having a direct representation in the multi-party committee of whips, section 79 committees including the Council as a supreme body of the BCMM. The Political Governance Structure provides Council and its structures an ability to govern in a manner that enhances the oversight function, promotes accountability, strengthens citizenry participation, improves organisational performance and builds a responsive political leadership and administration of the BCMM.

THE LEGISLATIVE ARM

Speaker of Council

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

Chief Whip of Council

The Speaker is supported by the Chief Whip of Council, Cllr. M. Vaaiboom who is responsible for maintaining cohesion within the governing party and to build relationships with other political parties represented in Council. Other tasks include:

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

Section 79 Oversight Committees

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 can execute their respective mandates without fear or favour.

The Section 79 committees are constituted by the following 8 Oversight Committees and 12 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
- h) Audit 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 Administrative Structures

- 1) Executive Management
- 2) Senior Management
- 3) Directorates
- 4) Departments
- 5) Sections
- 6) Units

THE COUNCIL

The Political Structure

- a) The Executive Mayor, Councillor X.A. Pakati
- b) The Deputy Executive Mayor, Councillor Z.P. Matana
- c) The Speaker, Councillor S.A. Mtsi
- d) Chief Whip of Council, Councillor M.N. Marata

T 2.1.1

POLITICAL STRUCTURE



EXECUTIVE MAYOR
Councillor X. Pakati



DEPUTY EXECUTIVE MAYOR
Councillor Z.P. Matana



SPEAKER
Councillor A.S. Mtsi



CHIEF WHIP
Councillor M.N. Marata

MAYORAL COMMITTEE



Cllr. H. Neale-May
Finance



Cllr. P. Nazo-Mkatala
Spatial Development Planning



Cllr. B. Sauli
Corporate Services



Cllr. N.M. Mhlola
Human Settlements



Cllr. X. Witbooi
Special Programmes



Cllr. S.N. Toni
Infrastructure



Cllr. N.P. Peter
Municipal Services



Cllr. N. Vaaiboom
Local Economic Development



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

T2.1.1

Councillors.

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

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

T 2.1.2.

POLITICAL DECISION MAKING

The highest decision-making structure in the municipality is Council, which is made up of 100 Councillors sitting in plenary. It is empowered by section 160 (1) of the Constitution to make decisions concerning the exercise of its powers and the performance of its functions, and by section 59 of the Municipal Systems Act to delegate some of its powers to any of the municipality's political office bearers, political structures, Councillors or staff members, in accordance with an approved system of delegations. The legislative powers and functions remain with Council, which oversee and scrutinise the exercise of the delegated executive powers and functions, and hold the Executive Mayor and Mayoral Committee accountable for such exercise.

A distinction is drawn on how Council deals with delegated matters on which the Executive Mayor and Mayoral Committee have the authority to make decisions and implement, and non-delegated matters on which Council retains the powers to make the final decision

Once reports have been discussed by Top Management they are referred to the relevant portfolio committee for political guidance and processing, once processed these reports proceed to Mayoral Committee with recommendations for Mayoral Committee to scrutinise and decide on matters that have been delegated further, process non delegated matters to Council for Approval. Decisions taken at Mayoral Committee also get tabled to Council for noting. The Executive Mayor is required to, on a quarterly basis, report to Council the progress on the implementation of all Council resolutions. This results in improved service delivery as it ensures that Council decisions are implemented, and where there are difficulties these are reported to Council for its intervention.

There were 166 resolutions taken during 2017/2018 financial year. 165 of the resolutions have been implemented, only one resolution is still in progress. The implementation of an integrated parking management system which still requires benchmarking or learning and sharing from how other cities are implementing the system.

Ethics Committee

- a) Chief Whip of Council N.M. Marata – Chairperson
- b) Councillor V. Sakube
- c) Councillor M. Bota
- d) Councillor Z. Tokwe
- e) Councillor S. Mapuka
- f) Councillor P. Yenana
- g) Councillor S. Skepe
- h) Councillor S. Hoyo
- i) Chief A. Makinana – Observer

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

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

Rules Committee

- a) Councillor A. Mtsi – Chairperson
- b) Councillor L. Simon-Ndzele
- c) Councillor V. Mpanza
- d) Councillor Z. Tokwe
- e) Councillor Y. Mankayi
- f) Councillor K. Ciliza
- g) Councillor T. Apleni
- h) Chief P.V Bacela (Obsever)

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

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

Social Facilitation Committee

- a) Councillor V. Peter – (Chairperson)
- b) Councillor S. Gomba
- c) Councillor X. Simandla
- d) Councillor L. Simon-Ndzele
- e) Councillor N. Vitbooi
- f) Councillor E. Tshabe
- g) Councillor N. Gamnca
- h) Councillor Dhaya

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

- a) To look into the packages of the Councillors
- b) To report on the structuring of the packages of the Councillors
- c) To deal with the tax issues related to Councillor allowances and structural arrangements of remuneration
- d) To call for the documents it may require in performing its mandate from Councillors and officials and to interview such persons from the ranks of officials, Councillors and such other external persons as shall be necessary in the execution of Council's mandate

- e) To consider the relevant legislation including Gazette No 33867 and SALGA Circular 56 of 2010 in consultation with the senior legal adviser of the BCMM.

Petitions Committee

- a) Cllr Z. Mtyingizane (Acting Chairperson)
- b) Cllr N. Moyikwa
- c) Cllr K. Ciliza
- d) Cllr V. Peter
- e) Cllr M. Bopi
- f) Cllr M. Kosani
- g) Cllr F. Z Mdinwa
- h) Cllr S. P Dlova
- i) Chief S. P Makinana (Observer)

Terms of Reference for Petitions Committee are as follows:

- a) To receive and record any petition submitted in terms of this petition management policy
- b) To record the oral submission or evidence of a petitioner
- c) To, if a petition has been referred to in terms of section 10(1) of the policy, direct the person to whom the petition has been referred, to consider that petition, make a decision or recommendation in respect of that petition or otherwise dispose of the request or complaint raised in that petition.
- d) To require the person or body to whom the petition has been referred, to furnish the committee within three (03) days of that referral in writing with a detailed report on the steps taken by such persons or body to address the complaint, request, recommendation or instruction by the committee, as the case may be, and the reasons for those steps.
- e) On a quarterly basis, report to Council on the petitions submitted to the committee. The committee also reports on all its activities in respect thereof including the responsiveness, efficiency and timorousness with which petitions were dealt with. Moreover, it ensures the efficacy and adherence to the petitions process and procedures.
- f) Instruct the petitions coordinator to inform the petitioner timeously from time to time, of progress in respect of consideration of a petition and of any decision taken by the committee in respect of a petition and the reasons for that decision.
- g) If the petitioner or anyone has been invited by the committee to come and make an oral submission or call a witness, such a petitioner or person(s) must be informed of the date, time and venue when the petition is to be considered and the petitioner may attend that sitting of the committee. BCMM and its entity, and in doing so, the committee must consider improvements from previous statements and reports, and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- h) To promote good governance, transparency and accountability on the use of municipal resources;
- i) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the BCMM or the Audit Committee;
- j) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

Women's Caucus Committee

Councillor C. Morolong-Yekiso – Chairperson
Councillor K. Faku
Councillor C. Bentley
Councillor T. Luzipo

Councillor Y. Makapela
Councillor N. Moyikwa
Councillor V. Mpanza
Councillor Z. Mtyingizane
Councillor N. Ntshebe
Councillor B. Thwalingca
Chief N. Mpulampula – Observer

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

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

Municipal Public Accounts Committee

Section 79 of the Structures Act, Act 117 of 1998, amongst others, the Municipal Public Accounts Committee (MPAC) was established vide Minute No. BCMC 121/16 (NC) to assist the Council to hold the Executive and Municipality to account, and to ensure efficient and effective use of municipal resources.

This was done in accordance with:

- Guidelines by the National Treasury and the Cooperative Governance and Traditional Affairs – issued in 2011
- Guidelines by SALGA – issued in 2012

National Treasury have on 19 April 2018, issued Circular 92 with the purpose to support the effective functioning and decision-making of Councillors serving on Municipal Public Accounts Committees. The aim was also to improve accountability, transparency, economical, effective and efficient use of public resources in executing municipal functions giving effect to improved and expanded delivery of services.

Oversight structures, including the committees of council and officials serving in the local government sphere, have a key role to play in improving the resource utilisation and holding the executive and administration accountable. This requires specific structures to exercise proper oversight of public funds. The legislative and regulatory framework provides for different layers of oversight, i.e. national, provincial and local. Internal and external audit processes contribute towards public confidence in the system of local government.

MPAC plays a meaningful oversight role in council. A municipal council is made accountable when there is improved public oversight of spending and strategic decisions concerning municipal finances.

With the understanding that Municipal Public Accounts Committees (MPAC's) are partially modelled on the example of the Standing Committee on Public Accounts (SCOPA) used in South Africa by legislatures at a national and provincial government level, the Buffalo City Metropolitan Municipality Municipal Public Accounts Committee in performing oversight in the municipality, and having considered Circular No. 92 and that the fact that the initial document on oversight committees had been issued by National Treasury in 2011, consulted with SALGA to have a review of the terms of reference with particular focus on ensuring that the functioning of MPAC was efficient in relation to its terms of reference and delegations. The BCMM oversight committee reviewed its terms of reference in the with the SALGA guidelines

Part of the Oversight Committee workplan is the verification of the publication of the oversight report by the Municipal Manager after being tabled to Council in March, this is done in terms of section 129 (3) of the MFMA.

Municipal Public Accounts Committee

Cllr. Z. Kodwa Gajula – Chairperson
Cllr. C. Matiwane
Cllr. P. Miza
Cllr. G. Walton
Cllr. T. Mtya
Cllr. O. Ntame
Cllr. S. Skolo
Cllr. Z. Tokwe
Cllr. A. Majeke
Cllr. B. Kalani

The above mentioned councillors are all non-executive members in terms of the of the MSA

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

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

Audit Committee

The Audit Committee is an independent governance structure whose function is to provide an oversight role on the system of internal control, risk management, and governance. Governance entails how an organisation is managed, which includes culture, policies and strategies and the way it deals with stakeholders.

The Committee is constituted in terms of the requirements of sound corporate governance practices and operates within that framework.

Composition of the Audit Committee

Members:

1. Ronel Shaw – Chairperson
2. Pumla Mzizi – Member
3. Siyathemba Sokutu – Member
4. Peace Ntuli – Member
5. Yondela Roboji – Member
6. Tichaone Zororo – Member

The Audit Committee established in terms of Section 166(1) of the Municipal Finance Management Act no 56 of 2003 (MFMA) also fulfils the functions of a performance management Audit Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001. The Audit Committee members shall fulfil the function of performance management review and oversight under a different chairpersonship.

The Chairperson of the Committee provides a report to the Council on a quarterly basis or as may be necessary, and annually summarise the activities, recommendations and decisions of the Committee during the financial year. Notwithstanding the foregoing, the Chairperson provides a report at least twice during a financial year to the Council on matters related to the performance management system and its operation.

The Chairperson of the Committee provides a copy of its report at least annually, or at other intervals, to the Municipal Public Accounts Committee (MPAC), for consideration during the MPAC engagements on the oversight report. A representative of the committee would be available whenever MPAC needs clarity on the report of the Committee.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

Following the strategic engagements at the Mayoral Lekgotla and the Council Lekgotla held during 2017, and the Diagnostic Assessment conducted by GTAC, the City Manager has appointed a Project Team that is responsible for strategically managing the Institutional Review of the BCMM functions and alignment of the organisational structure. This initiative will assist BCMM to institutionalise and implement its 2030 Metro Growth and Development Strategy (MGDS). The strategy outlines the cities' economic growth and development path up to 2030, to become "a well-governed, green, connected, innovative and productive city."

Top Management of the Municipality comprises of the City Manager and 9 Heads of Directorates. No major structural changes have occurred during this year.

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

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

- Corporate Services
- Infrastructure
- Municipal Services
- Health and Public Safety
- Human Settlements
- Economic Development
- Finance
- Spatial and Development Planning
- Executive Support

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

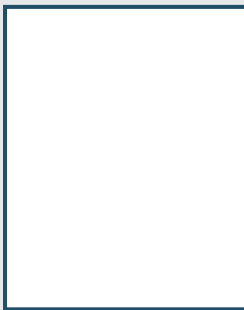
In order to further ensure further integration and synergy between the various Directorates and Departments, a Senior Management Team has been established comprising of the 3 top levels of management, that are; City Manager, Heads of Directorates and General Managers of the various Departments. This team also meets on a monthly basis to consider and discuss institutional matters.

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE



Mr A. Sihlahla - City Manager
HEAD OF DIRECTORATES



Mr S. Peter
Acting CFO



Ms Ncumisa Sidukwana
HOD Executive Support Services



Mrs Nonceba Mbali-Majeng
Spatial Planning and
Development



Mr N. Ncunyana
Head: Infrastructure Services



Bob Naidoo
HOD: Corporate Services



Mr Luyanda Mbula
Head of Directorate: Human Settlements



Miss Noludwe Ncokazi
HOD: Economic
Development & Agencies



Mr K. Tapile
Acting HOD: Municipal Services



Mr Vuyani Lwana
Head: Municipal Health,
Public Safety & Emergency Services

T2.2.2

COMPONENT B:

INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Development Cooperation, International Relations and Intergovernmental Relations focusses on the implementation of development cooperation, international relations and intergovernmental, strategies and programs that creates awareness, improves organizational, social, cultural and developmental objectives and goals of the Metro through the forging of partnerships, signing of agreements and conducting engagements with local, national and international partners, donors and stakeholders. Some partnerships are of a historic nature, however in the main most partnerships are of strategic and are tied to the overall strategy and goals of the Metro. The partnerships have to date have had a long-term time horizon, with corresponding commitment of resources, regular evaluation, and deliberate efforts to introduce new activities and expand collaboration so that the broader city and the community benefits.

The key priorities are to utilize and leverage off strategic national, regional and international partnerships with the aim to:

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

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Buffalo City Metropolitan Municipality has adopted a democratic model for cooperative governance that provides basis for Intergovernmental Relations. Intergovernmental Relations in the Metro is intended to enable cooperative and coordinated decision-making mechanism with the intention of making policies as well as activities across all three spheres of government (National, Provincial and Local Government) that they promote service delivery and attend to societal needs in an effective and efficient manner. The Basis for the Foundation of IGR is based on Intergovernmental Relations Framework Act, 2005 (Act No.13 of 2005) which encourages the Metro to convene the IGR Forum Meetings with Strategic Stakeholders for the integration of government programs, policy and legislation. Buffalo City Metropolitan Intergovernmental Structure is used as a mechanism that will drive integrated planning and development, and to close the gaps in silo mentality on service delivery by promoting working together initiative in all Spheres of government and stake holders.

In the year under review BCMM the following IGR meetings with the intended purpose of:

MEETINGS	DATES	PURPOSE
BCMM Technical IGR Meeting	21 August 2017	<p>The purpose of the meeting was to Orientate BCMM Councillors on Operation Masiphathisane (ISDM) Model before the program could be rolled out in the Metro.</p> <p>The meeting was to also address the problem of misalignment between the three spheres of government that that is hindering the service delivery process</p>
BCMM Technical IGR Forum	15 December 2017	<p>The Purpose of the Meeting was to discuss the issues that were raised during Mayoral Imbizo and to circulate the issues raised to relevant sector departments</p> <p>-to present Transnet plans for the Metro and to get an update as to how far in terms of progress of getting Approval from the Heritage Council</p> <p>-to discuss the update after the implementation of Operation Masiphathisane workshop in the metro and to discuss the reports sent to Council to fast track rolling out of the program as well as to discuss the progress of setting up and training the Metro Task team that will be responsible for the war rooms and the program itself.</p>
BCMM Political IGR Forum	23 March 2018	<p>the Discussion in the meeting was centered around the issues of establishment of Metro/ Ward task team in BCMM for Operation Masiphathisane which seemed to be delaying the process, BCMM was to update and give feedback to sector departments and Politician s as to why the task team has not yet been set</p> <p>The Purpose of the Meeting was to discuss the issues that were raised during Mayoral Imbizo and to circulate the issues raised to relevant sector departments to present Transnet plans for the Metro and to get an update as to how far in terms of progress of getting Approval from the Heritage Council to discuss the update after the implementation of Operation Masiphathisane workshop in the metro and to discuss the reports sent to Council to fast track rolling out of the program as well as to discuss the progress of setting up and training the Metro Task team that will be responsible for the war rooms and the program itself.</p>
BCMM Technical IGR Forum	08 June 2018	<p>the purpose of the meeting was to discuss the implementation of metro task team that needs to be followed by launch of ward war rooms and Ward Profiling to discuss on whether Social Labs that already exist in the Metro can be used as a platform for Operation Masiphathisane to Address the issues from IDP Roadshows which required feedback from Sector Departments and to set timeframes for Sector Departments to submit those responses.</p> <p>ELIDZ gave summary on the mandate of ELIDZ which is to create jobs, diversify and create investment. to discuss the Human Settlements plans on Housing and to highlight and note the status of Accreditation for the Metro.</p> <p>-the purpose was to give an update and inform Sector departments on the Metros Plan to host Brics from 28June-1st July which was a huge business venture for the Metro.</p>

T 2.3.

INTERNATIONAL RELATIONS

Buffalo City Metropolitan Municipality intergovernmental programme on the international level, is guided by South Africa's Foreign Policy and Bilateral relations as well as the Metro Growth Strategy and BCMM Municipal International Relations Framework. For the year under review BCMM has been engaged in several International Relations Activities with four partner cities:

- City of Gävle, Sweden
- City of Oldenburg, Germany
- City of Jinhua, China
- Yubei District, China

CITY OF GÄVLE, SWEDEN

The Partnership with the City of Gävle, Sweden was established in 2002 through the Sida (Swedish International Development Agency). This financial marked the 16th Year Anniversary of the partnership which was commemorated from 12 to 16 March 2018.

YOUTH ENGAGEMENT PROJECT

The International Centre for Local Democracy approved the “Youth Engagement Project” for the period 2016 – 2018. This project is led by the BCMM Special Programs Unit with support from International Relations.

The project seeks to explore and enhance mechanisms, structures and resources which ensure the mainstreaming of youth development in both Buffalo City Metropolitan Municipality and Gävle and share these with role-players locally and abroad.

The overarching objective for the Youth Engagement Project 2016 – 2018 is “Youth are included in local democratic processes”.

The short-term objective for project year 1 (2016) was “Strategic decisions on youth matters are knowledge based” and the agreed upon activities were:

- Collection of knowledge on the youth situation for strategic planning / participation and beneficiation; and
- Workshop on Gävle and BCMM “Youth Ambassadors”.

The outcomes of this project year included the consultative review of the metro Child and Youth Development Strategy. Said strategy was adopted by Council in 2016. The City of Gävle also set about a youth survey on various youth related issues.

During the reciprocal visits, youth from both cities engaged in robust dialogues and knowledge sharing in respect of the Gävle Youth Ambassadors, BCMM Youth Council, and Youth Advisory Centers as innovate platforms for youth participation and beneficiation in local government planning and budgeting processes.

The short-term objective for project year 2 (2017) was “innovative platforms for youth influence are implemented” and the planned activities to be undertaken for 2017 were as follows:

- Pilot innovative platforms for youth ideas and opportunities within municipalities.
- Workshop stakeholders from both countries on the dissemination of youth needs.

Outcomes for year 2 included the piloting of Ward Based Social Labs and the Thetha Nathi Youth Development Mobile Application. At each reciprocal visit youth shared information and lessons learn from these innovative and youth friendly platforms as well as the outcomes of the Gävle Lupp Youth Survey. Lessons learnt from the BCMM initiatives were of value to the Swedish counterparts as mechanisms to increase the participation of marginalized groups for example foreign nationals and immigrant youth within local government processes. As part of the exchange activity for the project a youth delegation from Buffalo City Metro visited the City of Gävle, Sweden from 5th to 10 November 2018.

- Portfolio Holder Institutional Operations and Civic Relations
- General Manager Communication and Development Cooperation
- Senior Youth Development officer
- Acting Youth Development Officer
- HIV/Aids Coordinator

The short-term objective for project year 3 (namely 2018) is “Youth Councils are tools for municipalities to reach and include youth in local democratic processes”.

The approved activities to reach said objective are as follows:

- Creating a vision / plan for development of youth councils; and
- Capacity building of youth councils through training / study visits.

In keeping with the approved project plan a City of Gävle Youth Engagement delegation was hosted by Buffalo City Metropolitan Municipality alongside the Gävle Joint Partnership Steering Committee from 12 – 16 March 2018. The March 2018 visit to Buffalo City Metropolitan Municipality sought to discuss innovative ways to engage with youth as well as the exchange of knowledge and experiences in respect of youth councils from the perspective of Gävle Municipality and Buffalo City Metropolitan Municipality.

The Youth Engagement Project delegation from Gävle was comprised as follows:

- Opposition Councillor
- Head of Culture and Association Support /Gasklockorna
- Youth Leader and Project Assistant
- Chairman of the Youth Council
- Youth Representative
- Youth Representative
- Youth Representative

JOINT PARTNERSHIP STEERING COMMITTEE

In terms of the Framework for the BCMM- Gävle partnership the Buffalo City and Gävle representatives of the Joint Partnership Steering Committee (JPSC) meet twice year, namely once in Buffalo City, South Africa and once in Gävle, Sweden. According to the Framework for the partnership each city is required to have six representatives on the JPSC. The composition is for three Councillors and three officials and it is inclusive of the City Manager and International Coordinators who are the secretariat support for the JPSC.

The aim of the six-monthly meetings is to evaluate progress with current projects, report on approved applications, and participate in the Joint Partnership Steering Committee activities and meeting. The JPSC week was held from 12 -16 March 2018, concurrently with the Youth Engagement Project.

The delegation from Gävle was comprised of the following representatives:

- Jan Myléus:** Commissioner and Chairman of the Gävle Steering Group
- Åsa Wiklund Lång:** Commissioner in Opposition
- Per-Olof Hallberg:** Head International Development, Gästrike Återvinnare
- Annika Lundqvist:** Head of International Office and Partnership Coordinator

CITY OF OLDENBURG, GERMANY

BMBF GROW PROJECT go-CAM “Implementing Strategic Development Goals in Aquifer Management

In August 2017 BCMM's Water Management Department were given an opportunity through the City of Oldenburg, Germany Partnership to apply for the BMBF GROW PROJECT go-CAM “Implementing

Strategic Development Goals in Aquifer Management. This project is a water security project involving four countries, namely Germany, Brazil, Turkey and South Africa. This project is also supported by the World Bank. Water scarcity and the need for protection of water resources and the need for sustainable management strategies has become a necessity. The objective of the joint research project is the development, implementation and application of a multi-criteria control instrument for a sustainable use of water resources in physiographical different coastal areas. This project forms part of the Climate Change project with the City of Oldenburg and will be implemented in the new financial year once its approved.

YOUTH PROGRAMME

Buffalo City Metro and the City of Oldenburg participated in the African German Youth Initiative Stakeholder workshop which was held from 22 -24 January 2018 in Johannesburg. The participants included:

- Ondela Mahlangu – BCMM General Manager Communication and Development Cooperation
- Darby Gounden – BCMM Manager Development Cooperation and International Relations
- Dirtje Gradtke – City of Oldenburg Manager International Relations
- Sabine Herrmann, - City of Oldenburg Youth Initiatives

African German Youth Initiative (AGYI) in South Africa is a multi-lateral initiative of the German Government and the African Union Commission (AUC) aimed at enhancing youth exchange and mobility between African countries and Germany in the context of Education for Sustainable Development. The purpose of the 2nd AGYI Stakeholder Workshop was to bring together key stakeholders in youth exchange, from African countries and Germany, to build on the outcomes of the first workshop and feedback on various activities both past and planned. The workshop aimed to facilitate a collaborative platform for shared experiences and lessons learnt as we aim to strengthen partnerships and stakeholder capacity in African countries and Germany to improve youth exchange and volunteerism and innovate new opportunities for sustainable youth development.

CITY OF JINHUA, CHINA

RENEWAL OF PARTNERSHIP AGREEMENT

Given Buffalo City's partnership in China it was agreed the City of Jinhua in Zhejiang Province be also included in the programme for the visit to China from 17 to 20 July 2017.

BCMM hosted the City of Jinhua, Zhejiang Province from 22 to 25 August 2017. The visit was a reciprocal visit following BCMM's visit in July 2017 and the aim of the visit was to renew the agreement of the BCMM/Jinhua Partnership. The new agreement for collaboration was signed on 24 August 2017. The delegation also had the opportunity to visit the East London Industrial Development Zone.

JINHUA HOME STAY PROJECT

Buffalo City Metro annual promotes the Jinhua Homestay Project. The project is aimed at young people to promote cultural interaction, tolerance and understanding but also the understanding of historical villages of Jinhua by direct experience of local culture. The students were exposed to Chinese culture, cuisine and lifestyle. In April/May 2018 BCMM advertised the Homestay project in the Daily Dispatch, Municipal offices and at the Youth Centres. Applications were received from young people of which three students from (WSU) Walter Sisulu

University, Khuselwa Kilani -Ward 3, Sinovuyo Nomandla – Ward 3 and Yanga Mangisa – Ward (Cambridge) were shortlisted in June 2018 to participate in the This project is implemented jointly by the Special Programmes Unit and International Relations Unit.

YUBEI DISTRICT, CHINA

NEW PARTNERSHIP AGREEMENT SIGNED

Consul General of China in Cape Town, his Excellency GG Kang facilitated on collaboration with Yubei District in Chongqing, China. An invitation was then extended for Buffalo City Metro to visit Yubei District to discuss and explore future cooperation from 13 to 16 July 2017. The South African Local Government Association (SALGA) also invited BCMM to participate in the BRICS Friendship Cities Conference that was to be held in Chengdu, China from 09 to 12 July 2017. The following political office bearers and officials to participated in the Exchange visit to China:

- Executive Mayor
- Portfolio Engineering Services
- Councillor
- Manager Special Projects LED
- Metro Growth Strategy
- General Manager in the Office of the Executive Mayor
- Manager Development Cooperation and International Relations

The signing ceremony between Yubei District and BCMM took place on Wednesday, 19 July 2017. The signing ceremony was followed by discussions of areas of future cooperation. It was agreed between both representatives that a business delegation from Yubei District will visit Buffalo City Metro in November 2017.

VISIT OF YUBEI DISTRICT

From 22 to 24 November 2017 a business and government delegation visited Buffalo City Metro. The delegation from Yubei District, Chongqing, China were as follows:

- Tang Chuan - District Chief/Vice General Secretary
- Li Yikui - Director Foreign Affairs Office
- Shi Pin - Director Development and Reform Commission
- Zeng Deming - Director Economic and Information Commission,
- Cao Xingjian - Director Entrepreneurs
- Zhou Daoxue - President Chongqing Yujiang Die Casting Co., Ltd
- Yin Dexin - Vice President BDStar (Chongqing) Auto Electronic Co., Ltd
- Wang Ying - Manager of Marketing & Public Relations Department- BDStar (Chongqing) Auto Electronic Co., Ltd

The main aim of the visit was to explore opportunities for cooperation between Buffalo City Metro and Yubei District. There was great interest in the Port of East London and the East London Industrial Development Zone.

BRICS (Brazil, Russia, India, China, South Africa) LOCAL GOVERNMENT FORUM AND MEETING OF MINISTERS RESPONSIBLE FOR DISASTER MANAGEMENT

From 28 June to 1 July 2018 BCMM and COGTA hosted the BRICS Friendship Cities, Local Governments Cooperation and Urbanization Forum (BFCLGCUF) and the Meeting of Ministers for Disaster Management at the East London International Conference Centre. Approximately 500 international, national and local delegates participated in the conference. The Theme for the Forum was, "Building sustainable and inclusive cities through innovation and partnerships.

The main aim for Buffalo City Metro to host the Forum was based on the following strategic goals:

- Improvement in infrastructure development, cleanliness and beautification of the city;
- Economic spin-offs and benefits that would be derived from the accommodation, travel and tourism and travel industries;
- Attracting the business sector to look at Buffalo City as a lucrative investment destination;
- Positive media coverage for the Metro;
- Hosting a successful international conference therefore positioning BCMM as a capable Metro to host events of an international standard.

Given the challenges faced by local governments, decision-makers looked at best practices as well as hindrances, shared knowledge, information and experiences and looked at future opportunities presented to BRICS Local Governments. The Forum, therefore, over the two days, focused on the following topics:

- Managing Urbanization for Inclusive Growth;
- Sustainable human settlements; planning and infrastructure development;
- Voices of Young People in Cities Development, Youth Employment
- Programmes and Skills Development;
- Urban Resilience; Cities and Climate Change Adaptation and Disaster Risk Reductions;
- Sustainable financing for cities;
- Dialogue on the New Urban Agenda & the Localization of Sustainable Development Goals; and
- BRICS City-Lab and Smart Cities and city governance as centres for innovation in an inclusive knowledge economy.

On day two of the Forum, site visits were embarked on to the East London Port, Mercedes Benz and the East London Industrial Development Zone. These were important foundations for the Metro's growth and development. At the end of the conference a Buffalo City Declaration was presented by the Executive Mayor of Buffalo City Metro and was signed by all 5 country representatives committing to driving the agenda of local government forward.

Buffalo City Metropolitan Municipality also hosted a Business/Investor Networking Breakfast with the aim to create a platform for local government and its key stakeholders in the private sector, business associations, civil society organizations, government and other interested stakeholders to engage on key topics that currently impacts cities. The Breakfast session ended with commitments from business to support BCMM's strategy for economic growth and development.

Furthermore, the City of Jinhua handed over "Letters of Invitation" to 3 students; Yangisa Mangisa, Sinovuyo Nomandla and Khuselwa Kilani who were shortlisted to participate in the Jinhua Homestay Programme in China in August 2018.

T 2.3.0

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Executive Mayor and City Manager participate in national intergovernmental meetings organized by the National Council of Provinces (NCOP)

BENEFITS DERIVED FROM THE NATIONAL FORUMS

- To mitigate between National, Provincial and Local structures
- Find integration in terms of joint planning, programmes and actions
- Assist Local Government to be supported financially, Physically and otherwise

- It helps in the IDP and Monitoring of Programmes

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURES

A meeting was attended by the BCMM IGR Team which was held on 24 April 2018, at the Office of the Premier. The main purpose of the meeting was to resuscitate the forum to unlock the functionality of IGR on Provincial Level as well as coordinate plans and align programmes between the province and municipalities in the Province. The meeting was beneficial to BCMM because part of the resolution of the meeting was the establishment of monthly meetings between Provincial IGR and Local IGR Forums, alignment of Provincial and Municipal calendars and agreement on the sitting of IGR Forums.

A two-day workshop was attended by the BCMM IGR team on 3 and 4 May 2018. The purpose was to discuss a new approach on cluster system (Governance, Coordination, implementation and monitoring and evaluation between provincial government and Metro's and local municipalities. The workshop was also held to strengthen the implementation of Operation Masiphathisane in Buffalo City Metropolitan Municipality and review the Provincial IGR Strategy.

T 2.3.2

RELATIONS WITH MUNICIPAL ENTITIES

Establishment Rationale

Municipal Systems Amendment Act 44 of 2003 (MSA):

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

Municipal Entities

The entity of the BCMM is the Buffalo City Municipality Development Agency and the CEO is Mr. Bulumko Nelana. BCMDA was operationalized in July 2016. Within the Municipal Structure, Economic Development has a responsibility to coordinate the work of the agency in line with Municipal Priorities.

The Entity develops its strategic development plan in line with the Metro Growth and Development Strategy. The board of directors approves the final policies once they are presented to the board and monitors the implementation of these plans. The Chief Executive Officer and City Manager receives monthly financial and quarterly performance reports, and these are accompanied by consistent consultations to ensure management of programs.

BCMDA was operationalized in July 2016

- Council appoints Board Members of the entity
- The Board appoints the CEO and the Executive Directors
- Every month the board reports to Top Management and the CEO is the member of the Municipal Council and forming part of the senior management team
- Quarterly reports of the entity are submitted to BCMM Council
- The City Manager of BCMM and Other Councillors are Board Member of BCMDA

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

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

- a) Property Development
- b) Tourism Development
- c) Investment Promotion
- d) Socio- Economic Development

On the other hand, BCMM focuses on:

- a) An inclusive and sustainable economic growth
- b) A globally connected city
- c) A clean and environmentally sustainable city
- d) A well governed city

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

BCMDA HAS FIVE STRATEGIC GOALS....

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

BCMDA FUNDING.

The agency's reliance on the BCMM for funding may prove to be unsustainable in the future, requiring alternative sources of revenue / a more sustainable funding model. The following are the possible revenue sources: -

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

FLAGSHIP CAPITAL PROJECTS

- a) Upgrade of Court Crescent
- b) Water World Upgrade and Extension
- c) Sleeper Site Development [North / Central Precinct]

PROJECTS BACKGROUND AND TIMELINE

- a) **December 2016** – BCMDA starts a competitive bidding process, out of its own Operational Budget, to secure services of Consultants for Design Services.
- b) **March 2017** – BCMDA appoints MDA Consortium to commence and Design and Implementation Services for the East London Beach Front Precinct (Bid No. 3 of 2016). The consultant proposal allowed for approximately 12 months of designs, public engagement, assessment of bulk infrastructure, EIA submission, town planning submissions and submission of working drawings.
- c) **May 2017** – MDA Consortium indicates that they are appointed for Design Services and not Implementation as the Implementation as the tendered amount only catered for designs. Resultantly, after various engagements it was resolved with MDA conceding that they have been appointed for both design and implementation work. A provision was then provided as per the appointment that fees will be reviewed at implementation stage.

- d) **August** – November 2017 – Public engagement process (public participation) ensued for broad buy-in to design concepts.
- e) **December 2017** – Impasse between BCMDA and MDA ensues, regarding scope of work and subsequent fees assigned to same. On advice and guidance from EXCO and the Board various engagements ensued in January 2018 which resulted in a conclusion to the impasse in March 2018. This has resulted in delays.
- f) **February 2018** – Town Planning Applications submitted to BCMM for Water World – Rezoning and Subdivision of Remainder Erf 18870.
- g) **March 2018** – An agreement is brokered, resultantly with a reduced scope of work only focusing on the Design Stage of the project and excluding the Implementation Stage.
- h) **April 2018** – EIA process kick starts with public engagements
- i) **May 2018** – EIA process: Specialist studies commissioned for the preparation of the Basic Assessment Report (BAR) as required by DEDEAT
- j) **July 2018** – EIA Process: Draft Basic Assessment Report (DBAR) concluded and tabled for public comments.
- k) **August 2018** – Final Concept Designs concluded and tabled for approval.

SUPPORT REQUIRED BY BCMDA

- a) Support BCMDA's development offerings
- b) Assists in better resourcing (i.e. budget and skills) of the BCMDA
- c) Better coordination / integration between BCMDA and BCMM Directorates
- d) Fast track mechanisms in the approval processes for BCMDA

CONCERNS RAISED THROUGH VARIOUS ENGAGEMENTS WITH DEVELOPERS

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

T2.3.3.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Buffalo City is a metropolitan municipality and therefore has no established relations currently with the district municipality.

T2.3.4.

COMPONENT C:

PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

BENEFITS DERIVED FROM DISABILITY FORUM

Inspire hope and confidence in the ability at South African and the state machinery in work together in addressing the common challenges facing persons with disabilities and society in general.

Reach out to the diversity within the disability sector, and acknowledgement that all and socio-economic rights should be equally enjoyed by all persons with disabilities, irrespective of race, gender, age, sexual orientation, implement, socio-economic status, educational qualification level, religion, culture employment status or nationality.

BENEFITS DERIVED FROM EXTERNAL REPRESENTATIVE FORUM

- a) Represents the interest of Constituencies in IDP/BUDGET/PMS process
- b) Consensus building between all stakeholders and BCMM
- c) Monitoring of strategic decisions
- f) Effectiveness and Efficiency of information to all stakeholders

T 2.4.0

2.4. PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

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

Public communication methods that are utilised to inform the public include the municipal website, national, regional and community radio stations as well as the print media in the form of advertising in the local newspapers. Loud-hailing in communities and flyers/pamphlets are utilised to mobilise members of the community to attend municipal

organised meetings and events, including the IDP/Budget road shows which are held throughout the municipality on an annual basis.

National Forums Participation

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

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

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

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

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

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

EVENT/ITEM	DATE OF EVENT/ITEM	DATE OF ADVERT
External Representative Forum meeting	22 August 2017	16 August 2017
Adoption of 2017/18 Process plan	25 August 2017	09 September 2017
Adoption of draft IDP 2017/18 (request for public comments)	31 March 2017	07 April 2017
IDP/Budget Roadshows	18 April – 08 May 2017	18 April 2017
Council Open Day	16 May 2017	
Adoption of IDP/Budget 2017/18	26 May 2017	02 June 2017

IDP/Budget External Representative Forum meeting was convened during the IDP review. The meeting was held on 22 August 2017 as can be seen in the table above. The IDP/Budget/PMS External Representative Forum constitutes a structure that institutionalises sectoral participation in the IDP/Budget/PMS development and review process.

The members of the IDP/Budget/PMS External Representative Forum include Organised Businesses, Government Departments, State-owned enterprises, Organised Labour, faith-based organisations, Ward Committees, Traditional Leadership Special Focus group (Disability, Elderly Women, Youth and Children) and the NGO sector.

The purpose of each meeting varies depending on the IDP/Budget review phase in which the meeting is held. However, in general, external representative forum meetings serve:

- To represent the interests of their constituents in the IDP process
- To provide an organisational mechanism for discussion and consensus-building between the different stakeholders and the Municipal Government
- To monitor the performance of the planning, implementation and review process, which ensures an efficient flow of information to and from stakeholder groups
- To provide valuable and quality advice to the integrated development planning unit on how to improve annual review and assessment process of the IDP.
- To ensure effective community involvement through budget and ward-base planning initiatives with Ward committees
- To critically evaluate the impact of the current generations of the IDP on sustainable service delivery, infrastructure development, job creation and poverty eradication.
- To properly assess the influence of provincial and national policy frameworks on planning initiatives as guided by the IDP unit
- To provide technical assistance on the aligning and streamlining of initiatives by municipal entities, businesses, the provincial growth and development plan and the national spatial development perspective
- To assist in identifying current and future strategic developmental opportunities in conjunction with Buffalo City Metropolitan Municipality.

- Attendance at the forum meetings generally ranges between sixty (60) to one hundred and twenty (120) delegates per meeting. External stakeholders' categories which are represented at the meetings include organised business represented by the Border Kei Chamber of Business, Government departments, state-owned enterprises and civil society organs.
- Attendance at the forum meetings usually ranges between sixty (60) to one hundred and twenty (120) delegates per meeting. Regular groups which are represented at the meetings include organized business represented by the Border Kei Chamber of Business, Government departments, state-owned enterprises and civil society organs.

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

- IDP/Budget/PMS External Representative Forums
- IDP/Budget roadshows
- Disability Forum
- Mayoral Imbizo's
- Business Breakfast
- Youth Forum

A person with Disabilities often has a triple burden of marginalization and exclusion based on their disability and being part of another vulnerable group, for example the elderly and is often not economically active. Anecdotal statistics show that persons with disabilities are not well represented in business, politics and academia. To assist these groups and to improve effectiveness and efficiency of this forum the information sharing session was held.

Young people are the future and one of the key stakeholders of the community. Therefore, it is vital to engage them unceasingly. In trying to bridge this gap the method used was to Pilot Thetha Nathi Youth Development Mobile Application. The Pilot innovative platforms online for collection of ideas and opinions from youth in respect of the municipality

One of the methods used to improve the efficiency and effectiveness of the IDP/Budget/PMS External Representative Forums was the introduction of the clustering approach. This was aimed at soliciting maximum input and participation by invited stakeholders at the forum meetings. In terms of the clustering approach each meeting would be organized into five (5) work streams, namely: Finance and Good Governance, Infrastructure and Spatial, Environmental Sustainability, Township Revitalization as well as the Economic Development work stream. The work streams are facilitated by designated facilitators from the various stakeholders who create a free and conducive environment for stakeholders to freely participate and feel that they own the process. Introduction of this new approach has vastly improved the efficiency and effectiveness of the forums.

T 2.4.1

WARD COMMITTEES

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

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

Roles of ward committees

- To increase the participation of residents in municipal decision-making, as they are a direct and unique link with the council;
- To participate in matters such as the IDP/Budget processes, municipal performance management, the annual budget, council projects and other key activities and programmes as all these things impact on local people;
- To identify and initiate local projects to improve the lives of people in the ward;
- To support the Ward Councillor in dispute resolutions, providing information about municipal operations;
- To monitor the performance of the municipality and raise issues of concern to the local Ward;
- To help with community awareness campaigns e.g. indigent registration, payment of rates, as members know their local communities and their needs.

Capacity-building for Ward Committees

Capacity building and empowerment of ward committees helps in accelerating service delivery and contribute towards ward committee members' long-term career pathing.

The ward committee skills survey was carried out to ascertain the existing skills and areas of gap that required intervention and support. To address the skills gaps, members of ward committees were trained in Good Governance, Conflict Management, dispute resolution, delegated mandate, accountability and feedback protocol.

The Provincial Department of Cooperate Governance and Traditional Affairs hosted a workshop for ward committees based on ward operational plans and ward profiling; to provide an enabling environment for ward committees to take part in planning, implementation and monitoring of service delivery at ward level as well to outline their involvement and roles in core municipal processes.

Supplementary to that, a training in Communication Skills, Report writing, and minute taking was organized to enable them to communicate confidently and effectively in a wide range of situations; and capacitate the members in producing comprehensible and understandable reports that achieve results.

Major Issues Dealt with by the Ward Committee System

The following key issues were addressed through the ward committee system:

- Ward issues raised in the ward committee meetings pertaining to the service delivery issues per ward e.g. Road maintenance, illegal connections, refuse collection.
- The playing of an oversight role on behalf of communities over service provisions assisting Ward Councillors in their locality.
- Participating in project steering committees for projects implemented within their wards.
- Reporting service blockages to relevant departments in the municipality with the assistance of the ward Councillor e.g. (functional street lighting, potholes, storm water drains etc.)
- Ward committees are required to submit monthly reports on their performance as to ascertain their functionality. The reports must be signed by the Ward Councillor to testify that the work has been performed. When a Ward Committee member failed to fulfill his or

her duties on monthly basis without any justification of non-performance, the allowance is forfeited for that particular month.

Successes

- Functional Ward Committees which have been able to execute their tasks effectively. All municipal convened meetings which included ward committees were well attended and programmes emerging from such meeting implemented.
- Development initiatives, poverty alleviation initiatives and other development undertakings are being planned and implemented in partnership with ward committees.
- They participated in Skills Development programmes and organizing initiation awareness programmes.
- Received inputs for maize production and DRDAR provided mechanization support (Tractor).
- Ward Committees were able to resolve problems such as illegal occupation, issuing of title deeds, illegal connections and some disputes in wards they serve.

Challenges:

- Ward committees work very well with the metro with some degree of difficulties because of the political will from the Ward Councillors.
- Lack of feedback or response from various directorates/departments on some of the issues raised in the Ward Committee meetings and in their monthly reports.
- Non-adherence to convene Ward Committee and Public meetings as per the adopted annual schedule.

T 2.4.2

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
Ward Committee meeting	Monthly	Ward Councillor	1 Public Participation Practitioner and invited officials when there is a need e.g. explanation of a project	10	Yes	Public meetings / Area meetings
Public meetings	Quarterly	Ward Councillor	Invited service delivery related officials (depending on issues to be discussed)	All	Yes	Public meetings / Area meetings
Mayoral Imbizo: To table the service delivery progress report on what the Metro has done for its community as well as other programmes/projects that are in the pipeline.	10 th – 15 th October 2017	100		500	Yes	
IDP & Budget Roadshows: To present the draft IDP/Budget to the entire community.	18 April – 08 May 2018	100		All	Yes	16/05/2018 Council Open Day
Council Open Day: to give feedback on key issues raised by the communities and also reflect on matter raised by the business fraternity and the traditional leaders.	16/05/2018	100		500	Yes	
State of the City Address:	21/06/2018	100		500	Yes	

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF PUBLIC MEETINGS

The Municipality makes more appropriate decisions based on the priority needs of the community.

Community ownership is promoted to instill hope, own their projects and become part of the solution.

The concerns and inputs of the community regarding service delivery, general development of the community, disaster management and any other community concern are recorded.

Councillors provide feedback to their communities on issues that affect it from the Council as well as community concerns back to the municipality. Public meetings assist the municipality to decide on which services to develop and improve.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/no
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
T 2.5.1	

COMPONENT D:

CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Buffalo City Metropolitan Municipality has a well-defined political and administrative governance system supported by the implementation of King III on Corporate Governance principles. The Metro's governance structure has two distinct functions which are the Legislative function and the Executive function. These are supported by an administration, which focuses on administrative governance and service delivery.

This governance structure; deepens democracy, boosting citizen empowerment and stakeholder participation and involvement; improves governance, socio-economic development and service delivery; strengthens decision-making powers and accountability; and ensures expeditious and efficient decision-making.

The Governance Structure of BCMM

The Council

The council has a Total number of seats 100 seats

A total of 51 Councillors is required to constitute a Quorum for meetings

The Council is constituted as follows: -

- The Executive Mayor, Councillor X.A. Pakati
- The Deputy Executive Mayor, Councillor Z.P. Matana
- The Speaker, Councillor S.A. Mtsi
- Chief Whip of Council, Councillor M.N. Marata

COUNCILLORS

Angelbeck, R.E.	Miza, P.K.
Apleni, T.T.	Mnyute, A.O.
Bakawuli, Z.	Morolong-Yekiso, M.C.
Batala, N.	Moyikwa, N.
Bentley, S.E.	Mpanza, V.E.
Bopi, M.	Mtya, T.L.
Bota, M.	Mtyingizane, Z.
Botha, A.M.C.	Nazo-Makatala, P.
Ciliza, K.	Ncotela, N.E.
Dhaya, D.M.	Ndotyi, N.L.
Diko, V.A.	Neale-May, H.E.
Dlova, S.P.	Nelani, P.E.
Dyonase, B.	Njece, V.
Faku, K.T.	Nombewu, M.B.
Fini, M.	Norexe, G.T.
Fritz, T.F.	Ntame, O.
Gamnca, N.	Ntsasela, S.
Gcilishe, M.	Ntshebe, N.M.
Gcobo, A.	Peter, N.P.
Gomba, S.G.	Peter, V.
Gosani, G.L.	Pollock, L.
Gould, W.D.	Quse, L.M.
Gqodi, V.	Rademeyer, A.
Holmes, V.A.	Relu, M.R.
Hoyo, S.K.	Rooy, R.L.K.
July, T.	Royi, L.
Kaba, P.	Sakube, V.V.
Kalani, B.B.	Sauli, B.
Kiki, P.L.	Simandla, X.
Kilimani, N.W.	Simon-Ndzele, L.E.
Kodwa-Gajula, Z.	Skepe, S.G.
Kolela, M.C.	Skolo, S.
Kosani, M.	Swart, C.A.
Kumbaca, N.L.N.	Thompson, I.
Luzipo, T.I.	Thwalingca, B.O.
Mackley, M.	Tokwe, V.
Madikane, M.N.	Tokwe, Z.P.W.
Majeke, A.	Toni, S.N.
Makapela, Y.C.	Tsala, S.E.
Mankayi, Z.Y.	Tshabe, N.E.
Maphuka, S.	Tutu, V.
Mapisa, A.	Vallabh, D.
Marata, M.N.	Vitbooi, R.
Matiwane, C.	Walton, G.K.
Matiwane, N.P.	Wetsetse, M.
McDowell, J.S.	Witbooi, X.
Mdinwa, F.Z.	Yenana-Nonjiwu, P.P.
Mhlola, N.M.	Zonke, K.

Traditional Leaders:

- 1) Bacela, Vumile Peter
- 2) Bentshu, Mphuthumi Gladman
- 3) Dayile, Noludwe
- 4) Jali, Bethwell Bangumzi
- 5) Jongilanga, Khulile Eric
- 6) Jongilanga, Mandisa Miranda
- 7) Makinana, Andile
- 8) Makinana, Mvuzo
- 9) Makinana, Stanley Phakamile
- 10) Mdunyelwa, Msondezi
- 11) Mkokeli, Kansile
- 12) Mpulampula, Ntombovuyo Evergreen
- 13) Nqwala, Malcomess Melumzi
- 14) Pako, Nkosinathi Mathews
- 15) Pato, Ntombolwandle Nomasomi
- 16) Siciko, Mnyamezeli
- 17) Sityo, Mpumzi Honeybrook
- 18) Toyise, Isaac Michael
- 19) 2 Vacancies

MAYORAL COMMITTEE

The Executive Mayor, Councillor X.A. Pakati	(Chairperson)
The Deputy Executive Mayor, Councillor Z.P. Matana	(IDP and Organizational Performance Management)
Councillor Councillor S.N. Toni	(Infrastructure Services)
Councillor M. Vaaiboom	(Economic Development and Agencies)
Councillor N.M. Mhlola	(Human Settlement)
Councillor A.O. Mnyute	(Health and Public Safety and Emergency Services)
Councillor P. Nazo-Makatala	(Spatial Planning and Development)
Councillor N.P. Peter	(Finance)
Councillor H.E. Neale-May	(Municipal Services)
Councillor Sauli	(Corporate Services)
Councillor X. Witbooi	(Institutional Operations and Civic Relations)

Portfolio Committees

Corporate Services Portfolio Committee

Councillors:	S.N. Toni	(Chairperson)
	V.A. Holmes	
	T. July	
	T.I. Luzipo	
	A. Mapisa	
	P.E. Nelani	
	N.M. Ntshebe	
	M.R. Relu	
	L. Royi	
	V.V. Sakube	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief A. Makinana (Traditional Leader) – Observer		
Chief I.M. Toyise (Traditional Leader) – Observer		

Economic Development & Agencies Portfolio Committee

Councillors:	M.Vaaiboom	(Chairperson)
	D.M. Dhaya	
	V. Gqodi	
	P. Kaba	
	N.W. Kilimani	
	M. Kosani	
	N.P. Matiwane	
	F.Z. Mdinwa	
	V.E. Mpanza	
	S.G. Skepe	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief M.M. Jongilanga (Traditional Leader) – Observer		
Chief M. Mdunyelwa (Traditional Leader) – Observer		

Finance Portfolio Committee

Councillors:	H.E. Neale-May	(Chairperson)
	R.E. Angelbeck	
	M. Bota	
	M. Gcilishe	
	W.D. Gould	
	Z. Mtyingizane	
	L.M. Quse	
	V.V. Sakube	
	L. Simon-Ndzele	
	V. Tutu	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief M. Siciko (Traditional Leader) – Observer		

Health and Public Safety & Emergency Services Portfolio Committee

Councillors:	A.O. Mnyute	(Chairperson)
	S.E. Bentley	
	V.A. Diko	
	M. Fini	
	G.L. Gosani	
	S. Maphuka	
	N. Moyikwa	
	M.B. Nombewu	
	L. Pollock	
	B.O. Thwalingca	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief N.E. Mpulampula (Traditional Leader) – Observer		
Chief N.M. Pako (Traditional Leader) – Observer		

Human Settlement Portfolio Committee

Councillors:	N.M. Mhlola	(Chairperson)
	S.K. Hoyo	
	T. July	
	P.E. Nelani	
	G.T. Norexe	
	S. Ntsasela	
	R.L.K. Rooy	
	X. Simandla	
	S.E. Tsala	
	R. Vitbooi	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief M.G. Bentshu (Traditional Leader) – Observer		

IDP & Organizational Performance Management Portfolio Committee

Councillors:	The Deputy Executive Mayor, Councillor Z.P. Matana (Chairperson)	
	T.T. Apleni	
	M. Bopi	
	G.L. Gosani	
	M.C. Kolela	
	Y.C. Makapela	
	J.S. McDowell	
	C.A. Swart	
	M. Vaaiboom	
	P.P. Yenana-Nonjiwu	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief M. Makinana (Traditional Leader) – Observer		
Chief K. Mkokeli (Traditional Leader) – Observer		

Infrastructure Services Portfolio Committee

Councillors:	S.N. Toni	(Chairperson)
	Z. Bakawuli	
	K. Ciliza	
	T.F. Fritz	
	A. Gcobo	
	Y.C. Makapela	
	N.E. Ncotela	
	N.L. Ndotyi	
	V. Tokwe	
	P.P. Yenana-Nonjiwu	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief M.H. Sityo (Traditional Leader) – Observer		

Institutional Operations & Civic Relations Portfolio Committee

Councillors:	X. Witbooi	(Chairperson)
	N. Batala	
	V. Gqodi	
	M.N. Madikane	
	M.C. Morolong-Yekiso	
	V. Peter	
	B. Sauli	
	L. Simon-Ndzele	
	D. Vallabh	
	1 Vacancy	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief B.B. Jali (Traditional Leader) – Observer		
Chief I.M. Toyise (Traditional Leader) – Observer		

Spatial Planning & Development Portfolio Committee

Councillors:	P. Nazo-Makatala	(Chairperson)
	K.T. Faku	
	S.G. Gomba	
	M. Mackley	
	N.E. Ncotela	
	V. Njece	
	L.M. Quse	
	I. Thompson	
	N.E. Tshabe	
	M. Wetsetse	
The Executive Mayor, Councillor X.A. Pakati – Ex Officio		
The Speaker, Councillor S.A. Mtsi – Ex Officio		
Chief K.E. Jongilanga (Traditional Leader) – Observer		
Chief N.N. Pato (Traditional Leader) – Observer		

Other Council Committees

ETHICS COMMITTEE

Cllr M Vaaiboom (Chairperson)
 Cllr V. Sakube
 Cllr M. Bota
 Cllr Z. Tokwe
 Cllr S. Mapuka
 Cllr P. Yenana
 Cllr S. Skepe
 Cllr S. Hoyo

PETITIONS COMMITTEE

Cllr Z. Mtyingizane (Acting Chairperson)
 Cllr N. Moyikwa
 Cllr K. Ciliza
 Cllr V. Peter
 Cllr M. Bopi
 Cllr M. Kosani
 Cllr F. Z Mdinwa
 Cllr S. P Dlova
 Chief S. P Makinana (Observer)

RULES COMMITTEE

Cllr A. S Mtsi (Chairperson)
Cllr L. E Simon-Ndzele
Cllr V. Mpanza
Cllr Z. Tokwe
Cllr Y. Mankayi
Cllr K. Ciliza
Cllr T. Apleni
Chief P. V Bacela (Observer)

SOCIAL FACILITATION COMMITTEE

Cllr V. Peter (Chairperson)
Cllr S. Gomba
Cllr X. Simandla
Cllr L. Simon-Ndzele
Cllr N. Vitbooi
Cllr E. Tshabe
Cllr N. Gamnca
Cllr Dhaya
Chief Z Toise (Observer)

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Cllr Zameka Kodwa-Gajula – Chairperson
Cllr Zandisile Tokwe – Member
Cllr Siyabonga Skolo – Member
Cllr Thobile Mtya – Member
Cllr Pindile Miza – Member
Cllr Boy-boy Kalani – Member
Cllr Geoffrey Walton – Member
Cllr Chumani Matiwane – Member
Cllr Olwethu Ntame – Member
Cllr Anathi Majeke – Member
1 Vacancy

WOMEN'S CAUCUS COMMITTEES

Cllr Mkakutta Clara Yekiso-Morolong (Chairperson)
Cllr Susan Elizabeth Bentley
Cllr Kholiwe Thelma Faku
Cllr Thandiswa Ivy Luzipho
Cllr Yaleka Cynthia Makapela
Cllr Nomonde Moyikwa
Cllr Vuyiswa Ethel Mpanza
Cllr Zininzi Mtyingizane
Cllr Ntombekhaya Muriel Nttshebe
Cllr Buyelwa Olga Thwalingca
Chief N.E Mpulampula (Observer)

MULTI-PARTY COMMITTEE

Councillor M N Marata
Councillor B Sauli
Councillor Z Mankayi
Councillor A Mapisa
Councillor M Gcilishe
Councillor E Nelani
Councillor I Quse
Councillor D Dhaya
Councillor Botha
Councillor Fritz
Councillor Tutu
Councillor July

Councillor Gcobo
Councillor Madikane
Councillor C Matiwane
Chief Makinana

AUDIT COMMITTEE MEMBERS

Mrs. Ronel Shaw (Chairperson)
Mr. Peace Lindile Ntuli
Mr. Siyathemba Sokutu
Ms Yondela Roboji
Ms Pumla Mzizi
Mr. Tichaona Zororo

RISK MANAGEMENT COMMITTEE MEMBERS

Independent	Dr. D. Mawonga	Chairperson
HOD: Infrastructure	Mr. N. Ncunyana	Member
HOD: ESS	Ms. N. Sidukwana	Member
HOD: Corporate Services	Mr. A.S. Naidoo	Member
HOD: Spatial Planning & Development	Mrs. N. Mbali-Majeng	Member
HOD: Economic Development & Agencies	Ms. N. Ncokazi	Member
HOD: Human Settlement	Mr. L. Mbula	Member
HOD: Health & Public Safety & Emergency Services	Mr. V. Lwana	Member
HOD: Municipal Services (Acting)	Mr. K. Tapile	Member
Chief Financial Officer (Acting)	Mr. S. Peter	Member

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The City recognises risk management as one of the cornerstones of sound and responsible municipal governance. Apart from complying with the MFMA requirement that the municipality establishes and maintains a system of, among others, managing risks, risk management is positioned as a strategic management function that enables and facilitates good governance practices. The Risk Management Department is responsible for overseeing, guiding, facilitating and monitoring various systems of governance, risk management and compliance in the municipality.

Key among the responsibilities of the risk unit is developing, monitoring and reporting on the municipality's strategic risk profile. A combination of top-to-bottom (mainly considering the IDP and metro-wide SDBIP) and bottom-to-top approaches (considering the departmental performance priorities) was taken to aggregate the identified strategic risks of the municipality. The Key Risk Indicators (KRIs) for all the categories of strategic risk were defined to bring further structure and focus to the way the mitigation of these risks is monitored.

Buffalo City Metropolitan Municipality understands that every organisation functions within an environment which both influences the risks faced and provides a context within which risk must be managed. The City is currently seating at level 2.9 in terms of risk maturity (a tool designed by the National Treasury to measure risk

maturity level) which means the risk management culture is still developing and is not yet at the desired level. This level paints a picture that there are efforts and commitments by management to improve the status quo. It is therefore important that continuous risk assessments are conducted to identify any emerging risk and opportunities as risk management is not only about identifying risks but also to identify opportunities there are, that the City can explore to bring it closer to the realization of the strategic outcomes as expressed in its MGDS. The aim of risk management is not only to identify risks but to seize opportunities in a quest of taking the City forward.

The following are the top five risks:

Risk No	Departmental Reference	Risk Category	Risk Description	Risk Causes	Consequences
	Executive Support services	Reputational Risk	Records and Document Management Sensitive and Confidential information being leaked to the media and public	1) Manual document management systems 2) Lack of understanding by end users of information 3) Lack of awareness regarding record keeping protocols 4) Lack of social media policies and procedures 5) Inadequate access controls and safeguarding mechanisms 6) Unauthorized access to restricted/confidential information	a) Reputational damage b) Loss of confidence by stakeholders and potential investors. Information financial loss
2	Finance	Financial Risk	Revenue and Debt Management Inefficient, ineffective and irregular debt management and revenue collection processes	1) Culture of non – payment by communities 2) Inaccurate billing information on the system 3) Incomplete/inaccurate indigent register (High population of indigent households) 4) Ineffective implementation of the debt collection strategies	a) Increase in the debt book b) Delays in service delivery c) Financial losses
3	Municipal services	Service delivery	Waste Management Inability to render efficient and effective waste and refuse removal services	1) Lack of waste management facilities e.g. Transfer stations; waste recovery facilities, recycling, buy back centers 2) Inadequate implementation of plans – Reactive approach taken to waste management challenges 3) Lack of technical specialized skills 4) HOD and strategic senior management vacancies hinders the implementation of strategies and plans to improve waste services. 5) Old and depilated plant	
4	Municipal Manager's office	Information Technology risk	ICT Network Inadequate development and management of ICT network and infrastructure	1) Lack of integrated systems 2) Lack of prioritization of ICT infrastructure and growth 3) From Bhishe Tower to EPOL to SENTECH back to Trust center building (radio wireless network running on a free spectrum) 4) Inadequate application security and access controls	a) Loss of revenue due to business interruptions b) Loss of records (e.g. documentation) due to manual delivery/handling over c) Poor service delivery and unproductive working days (i.e. when the systems are down due to poor maintenance)
5	Infrastructure	Service delivery risk	Electricity Illegal & non-metered electricity connections, including theft and tampering	1) Poverty and unemployment rate 2) Ineffective protection and access controls to connection points 3) Inadequate enforcement of laws and regulations 4) Lack of consumer awareness and public education, including formal channels to report illegal activities of strategies and plans	a) Loss of Revenue b) Damage to Municipal Property c) Compromised Service delivery d) Injuries to staff and general public e) Litigation and claims

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has a mandate of improving service delivery and ensuring that there is an effective system on internal control and risk management. Section 78 of the MFMA extends the responsibility to all Senior Managers and officials to take all reasonable steps in their area of responsibility to ensure that the system of financial management and internal control established for the municipality is carried out diligently. It is for this reason that Buffalo City Metropolitan Municipality has zero-tolerance to fraud, corruption, maladministration and is committed to conducting business in an open and transparent manner.

As a proactive approach, the City has developed a fraud mitigation strategy to circumvent the risk of fraud from occurring. This strategy advocates for a proactive approach which seeks to limit the fraud risk exposure and has committed the following strategies:

1. **Continuous fraud risk assessment:** is conducted to identify areas which are vulnerable and susceptible to the risk of fraud, the assessment also assesses effectiveness of existing controls allowing management to redirect resources where necessary and design controls which are not only detective but preventative in nature.
2. **Declaration of interest:** Both Staff and Councillors are required to declare their business interests and any conflict of interest that they may be posed with.
3. **Oversight Committees:** The City has effective oversight committees such as the MPAC, Audit committee and risk management committee who ensure that there is continuous improvement on the control environment. Further to the oversight committees is a Disciplinary board which has been established in terms of Resolution BCMC83/18 of the Buffalo City Metropolitan Council to investigate financial misconduct in the Municipality.
4. **Internal Audit reviews:** On an annual basis the Internal audit unit conducts different reviews which seek to give reasonable assurance on the effectiveness of the control environment.
5. **Fraud Hotline:** As a proactive approach the Municipality has a fraud hotline 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 is hosted by an independent external service provider who handles all calls and submits a report to the Municipality on a monthly basis. Cases reported are referred to the specific directorates which they fall under to investigate and follow up.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

BCMM SCM system is premised on section 217 of the South African Constitution which must be, fair equitable, transparent, competitive and cost effective. The BCM SCM Policy is reviewed annually as prescribed by section 3 of the MFMA and during the year under review the SCM policy was reviewed and approved by Council in May 2018.

The SCM department is constituted in line with the SCM system and comprises of: -

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

BCMM: SCM system uses quotation and open bid procurement processes to source goods and services required for service delivery by the institution and has awarded both the quotations and tenders to the values of **R 124 075 789.72** and **R 813 613 620.55** respectively, in the 2017/18 Financial Year.

Statistics of quotations awarded in 2017/18 Financial year				
Month	R 0 – R2000	R2001- R10 000	R10001 – R30 000	TOTAL
July 2017	R42 913.10	R295 401.86	R1 237 671.12	R1 575 986.08
August 2017	R379 518.01	R1 518 536.29	R8 559 877.16	R10 457 931.46
September 2017	R349 173.58	R1 186 539.30	R8 585 455.12	R10 121 168.00
October 2017	R466 465.36	R1 564 990.55	R10 337 880.25	R12 369 336.16
November 2017	R392 597.68	R1 735 289.88	R10 177 161.68	R12 305 049.24
December 2017	R280 165.24	R922 301.17	R9 979 220.25	R11 181 686.66
January 2018	R316 243.93	R985 802.32	R7 961 555.95	R9 263 602.00
February 2018	R326 825.47	R931 351.70	R9 109 066.91	R10 367 244.08
March 2018	R324 011.76	R1 098 028.71	R8 606 379.71	R10 028 420.18
April 2018	R298 668.83	R854 309.33	R7 783 927.34	R8 936 905.50
May 2018	R265 688.43	R961 658.87	R10 709 407.80	R11 936 755.10
June 2018	R355 262.36	R1 687 718.95	R13 488 723.95	R15 531 705.26
TOTAL				R124 075 789.72

Table: Tenders awarded by the Supply Chain Management System in 2017/18					
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total
Informal Contracts	45	69	33	94	241
Formal Contracts	1	4	5	12	22
Annual Contracts	9	5	4	9	27
Total Number	55	78	42	115	290

Notable achievement and improvements made in the Supply Chain System

- Reconfiguration of bid committee system, increasing from three to six, with additional secretariat.
- Adoption of an SCM Policy by Council in May 2018.
- Regular identification and reporting of irregular and unauthorized expenditure
- Implementation of Standard Operation Procedures for all Sections within Supply Chain Management Department
- Process of completing the project for extension of Supply Chain Management Stores and Warehouse in order to increase storage capacity and safeguard municipal stock items.
- Implementation of Internal Controls on Formal Written Quotations (Informal Tenders)

Challenges at Supply Chain Management Department

- Vacant unfunded posts in the department in critical areas
- Poorly developed suppliers within BCMM area
- Manual procurement processes
- Performance and Contracts Management not optimal within BCMM
- Undetected instances of unauthorized, irregular, fruitless and wasteful expenditure and lack of compliance with policy/procedure.
- Non-compliance and challenges of uploading of documents on Electronic Document Management System (EDMS)

Remedial Actions

- Procurement of an integrated electronic procurement system to ensure it best delivers value for money.
- Implementation of Unauthorized, Irregular, fruitless and Wasteful Expenditure Policy
- Recruit external service providers to provide temporal resources for vacant unfunded critical posts in order to address the challenge until funding is secured in order to augment Performance & Contracts Management as well as Demand Management, for improved procurement planning and contracts performance.
- Continuous training of Bid Committees to improve performance
- Ensuring that documents are uploaded on EDMS
- Monitor, direct and regularly report on the turn-around times for awards in order to improve service delivery.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 2018					
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
	By-law on Events	Yes	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
	By-Law on Informal Trading	Yes	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
	By-Law for Buffalo City Fresh Produce Market	es	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
	By-law on Arts, Culture and Heritage Facilities	Yes	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
	By-law on Cemeteries, Funeral Undertakers & Crematoria	Yes	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
	By-law on Municipal Parks, Recreation & Conservancy	Yes	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
	By-law on Outdoor Advertising	Yes	13-16 August 2018	No (will be gazetted after approved by Council)	N/A
Draft By-Law on Municipal Health, Nuisance & Keeping of Animals		Not Yet	Not Yet	No	N/A
Draft By-Law on Disaster Management		Not Yet	Not Yet		

T 2.9.1

COMMENT ON BY-LAWS:

From 20-23 July 2018, Legal Services Facilitated a workshop for BCMM councillors and Traditional Leaders on the review and rationalisation of By-laws (above-mentioned By-laws). The relevant Directorates presented their By-laws to the Councillors and the Traditional Leaders for their inputs. Thereafter, public participation was conducted in strategic areas of BCMM. On 13/08/18 at East London City Hall, on 14/08/18 at Gomo Hall, on 15/08/18 at Mdantsane, NU 12 and on 16/08/18 at King William's Town: Town Hall. Copies of the draft By-laws in question are placed at the municipal Libraries and were also given to the ward councillors for the public to have access on them and make their inputs. After the public participation there will be consolidation public inputs and their incorporation into draft by-laws which will be taken to the Council meeting of end of September 2018 for adoption as final. After that they will be presented to COGTA in October & November month to be promulgated as laws of the City in the Provincial Government Gazette.

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

2.9.1.1

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	23.04.2018
All current budget-related policies	Yes	27.02.2018
The previous annual report (2016/2017)	Yes	25.07.2018
The annual report (2017/2018) published/to be published	Yes	31.04.2019
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/2018) and resulting scorecards	Yes	23.04.2018
All service delivery agreements (2017/2018)	Yes	23.04.2018
All long-term borrowing contracts (2017/2018)	Yes	03.12.2016
All supply chain management contracts above a prescribed value (give value) for 2017/2018	Yes	11.05.2014
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	December 2016
Contracts agreed in 2017/2018 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	07.07.2017
Public-private partnership agreements referred to in section 120 made in 2017/2018	Yes	31.07.2018
All quarterly reports tabled in the council in terms of section 52 (d) during 2017/2018		
<i>T 2.10.1</i>		

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Legislated information is available on the municipal website as set out in MFMA section 75.

Following challenges with the previous website, the Municipality launched a new and improved site.

The old website was hacked on the 28 of June 2017 at about 19h30, using a defacement method by a pro-ISIS group known as TEAM SYSTEM DZ. This is an Islamic group known for targeting government institutions using Microsoft products or US based technologies.

The site was restored within a few hours, but this provided serious security concerns. The matter was referred to the State Security Agency and a report was submitted to Council with recommendations that include the fact that the Municipality must commission for a design of a new site.

Following the commission for a design for the new website, on 24 May 2018, a new website was launched. The new website allows for logging of faults, security certificate is available, mobile app linked to the website, it is responsive and adaptive in different platforms including mobile and desktop. This enables users to navigate easy and be able to get municipal contact details for reporting service delivery challenges, issues of fraud and able to buy lights and pay account.

The new website has adopted the Metro's corporate colours, new menu items, it is easy and user-friendly with social media links available (Facebook and twitter).

The design and layout of the website has been an ICT responsibility while content production and loading sit with the Communications Department.

Over this time, Communications Unit identified several challenges with the current website:

The challenges include the following:

1. When BCM transitioned from the old to the new website: -
 - a) some documents were lost during the migration process
 - b) documents were stored in incorrect folders and
 - c) The naming of folders was not appropriate i.e. not in line with MFMA. Fortunately, this was identified and has been corrected with relevant departments and some documents reflect as they are supposed to.
 - d) There are challenges with the terminology which we are working on.



Way forward:

As part of the website improvement plan, the Communications Department is doing the following:

- a) We are in the process of reviewing the BCMM Communications strategy and the website analysis is a strong feature of this
- b) We are in the process of acquiring social media expert services to integrate customer care inquiries on social media, the app and the website
- c) We are replacing the documents that were lost, by asking Departments to supply Communications with documents that are not on the website. Other departments are supportive in this and others are not keen in changing or being part of the website.
- d) We have placed legislated documents and information under correct naming and categorisation, for easy access.
- e) We have changed our approach in getting information from Department timeously, by sending out alerts to all staff through the Newsflash that needs to submit documents for Website updates.
- f) We regularly send emails to staff requesting documents/ information to go on the website.
- g) We have a Website Forum meeting that meets regularly to find solutions to website challenges. This comprises of ICT and Microsoft.
- h) We post new stories on a regular basis to keep the information new and interesting.
- i) We have prioritised service delivery aspects that include important Municipal contact numbers, logging of faults app and the purchasing of electricity to be important features of the front page of the website
- j) We monitor the flow of traffic and visitors on the website using Google Webmaster Tools which is linked to the Web Content Coordinator. The system uses a weekly and monthly monitoring system.
- k) We are also linking the website with the social media elements by bringing services of experts who will integrate customer care elements to complement the current site

2017/18 IDP Road Show Communication Action Plan
THEME: "UNITY IN ACTION. A CITY HARD AT WORK"
#BCMMIDP2018 #CITYHARDATWORK

Background

Buffalo City Metropolitan Municipality will be conducting the 2017/8 IDP Road-shows including the business breakfast and the meeting with the traditional leaders starting from the 17th April to 10th May. BCMM will be going to the communities of the Buffalo City to table the Draft IDP and allow the residents to raise issues they see as priority to them. This exercise will then assist the Metro in planning for the next financial year.

The Metro will continue with the under the theme Unity in Action, a City hard at work and make sure it reflects massively on the long-term and short-term plans to be presented in for all Wards. During this financial year the City has deliver on major infrastructure projects across all region.

Objectives

The communication objectives of the plan are as follows:

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

Principal Communicators

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

Secondary Communicators

No.	COMMUNICATIONS TASK TEAM: ISSUES MANAGEMENT			
	Name	Organisation/Department	Contact NO.	Email address
1.	Cllr Xolani Witbooi	BCMM Portfolio Head		
2	Ncumisa Sidukwana	BCMM Head ESS		
3	Ward Councillors	BCMM ward Councillors		
4	BCMM Staff Presenters	Staff members assigned to present		

PILLARS OF THE COMMUNICATION ACTION PLAN

- Communication Protocols
- Media engagement
- Social Media
- Branding plan
- Other Comms forms

COMMUNICATION ACTIVITY	RESPONSIBILITY	DATES	BUDGET
Development of statement with key messages	BCMM Comms		None
Communications and media plan	BCMM Comms		None
Commercial Radio stations Algoa	BCMM Comms		R 18,681.75
Community radio stations Kumkani, Mdantsane, Izwi Lethemba	BCMM Comms		R 23,726.25
Adverts in Commercial Dispatch Go & Express/ Rising Sun	BCMM Comms		R27,993.75
Updates on Facebook sites	BCMM Comms		None
Create hashtag	BCMM Comms		None
Live tweets	BCMM Comms		None
Posters 1000	BCMM Comms		R45 000.00
Flyers 20000	BCMM Comms		R8,124.91
Street Banners X3	BCMM Comms		R23,998.75
Retractable Banners X4	BCMM Comms		R6,336.50
Programmes 10000	BCMM Comms		R10,325.01
Booklets 6000	BCMM Comms		R77 000.00
INTERNAL COMMUNICATION			
E-newsletters	BCMM Comms		none
Printed Latest newsletters	BCMM Comms		None
Website	BCMM Comms		None

Total Budget +/- R258 000.00

Buffalo City Metro Municipality has managed to place computers in all its Regional Youth Advisory Centres which is King Williams Town, Mdantsane and Duncan Village. Wi-Fi is provided for public use. This assist the public and youth to have internet access and to prepare assignments, CV's etc.

The Municipality adheres to the requirements as set out by the MFMA. BCMM has revamped its website making it user friendly and easy to navigate. The website address is also placed in all BCM advertising material.

BCMM has also made WIFI hotspots available for those without data to access the website.

The website usage varies from month to month, depending on a number of issues.

WEBSITE:

October 2018:
Clicks- 10 993

Page Impressions- 396 655

November 2018
Clicks – 36 299

Page Impressions- 522 693

Top 5 Countries visiting our website:

Germany
USA
South Africa
Namibia
UK

Top Devices used:

Desktop
Mobile

Top 2 Search engines:

Google
Bing

Facebook page:

Total likes:
15 497

Post Reach:

137 850

Post Engagement:

27 172

Twitter handle:

Tweets:
582

Followers:

942

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

As per the appropriate legislation mandating local authorities to undertake regular assessments of the satisfaction levels of the community served, BCMM embarked on a process of undertaking their first Customer Satisfaction Survey, since 2006, during the 2015/16 and 2016/17 Financial Years, culminating in the production of a Customer Satisfaction Survey, a Customer Care Strategy and Service Delivery Charter.

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

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

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

In keeping with accepted national and international research standards and norms, this survey represented an extensive valid and reliable quantitative and qualitative research exercise, conducted by an independent outside Service Provider, in gauging the views of a representative sample of BCMM residents, businesses, Councillors and officials. In this respect, a sample size of 11,280 households, systematically sampled on a Ward by Ward basis, in proportion to the number of households in each ward, across the urban, rural and peri-urban areas of BCMM, was interviewed face to face through a structured questionnaire, completed with the assistance of locally employed interviewers chosen through the participation of the relevant Councillors in each of the 50 Wards of BCMM. Businesses were selected randomly within each type of settlement and type of industry.

In addition, BCMM Staff in relevant departments were interviewed on a face-to-face basis, and a sample of Councillors, interviewed through focus group discussions, to gauge and discuss their perceptions on levels of satisfaction amongst the customers served by BCMM.

T 2.11.1

Satisfaction Surveys Undertaken during: Year 2016/17 and Year 2017/18				
Satisfaction Surveys Undertaken during: Year 2016/17 and Year 2017/18				
Subject matter of survey: Customer Satisfaction Survey	Survey method: Quantitative Research Design utilising structured questionnaire, and analysis drawn from data collected from sampled amount of households, and Qualitative Research Design in obtaining views of BCMM Councillors, and Officials, through individual and Focus Group Interviews (This Survey Method applies to all the rows below)	Survey date: 2016/2017	No. of people included in survey: Sample of 11 280 Households	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality		26-30/11/16	4,850	43%
(b) Municipal Service Delivery		26-30/11/16	4,850	43%
I Mayor				Not Directly Assessed
Satisfaction with:				
(a) Refuse Collection		26-30/11/16	5,414	48%
(b) Road Maintenance		26-30/11/16	3,497	31%
I Electricity Supply		26-30/11/16	4,963	44%
(d) Water Supply		26-30/11/16	4,963	64%
I Information supplied by municipality to the public				Not Directly Assessed
(f) Opportunities for consultation on municipal affairs				Not Directly Assessed
(g) Cultural Protection		26-30/11/16	4,399	39%
(h) Traffic		26-30/11/16	4,399	39%
(i) Sanitation		26-30/11/16	5,978	53%
(j) Sports Facilities		26-30/11/16	3,271	29%
(k) Transport Services		26-30/11/16	2,482	22%
(l) Air and Noise Pollution		26-30/11/16	3,497	31%
(m) Housing		26-30/11/16	6,204	55%
(n) After hours services		26-30/11/16	2,820	25%
(o) Community Halls		26-30/11/16	4,512	40%
(p) Libraries		26-30/11/16	3,722	33%
				<i>T 2.11.2</i>

COMMENT ON SATISFACTION LEVELS

A better understanding of customer needs is one area impacting on the provision of baseline services and the execution of BCMM's goods for the next 15 years. Buffalo City is aware that our customer needs may not adhere to oversight fits all solutions, hence efforts to further made solutions to cater for various levels of interactions. The Customer Satisfaction Survey strongly recommended the need to address a number of Customer Relations Management issues, through the establishment of one centralized, integrated, effective and efficient Call Centre as well as numerous Customer Care Centres in all Wards, that are responsive to the needs of the communities/citizens or residents of BCMM

T 2.11.2.2

BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

EAST LONDON | BHISHO | KING WILLIAM'S TOWN | MDANTSANE
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CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The service delivery commitments for the Buffalo City Metropolitan Municipality were set within the context of a targeted pro-poor service delivery agenda arising from the dedicated approach of the new term of local government. The focus was on ensuring improved, dependable and impactful service delivery to communities. The underpinning strategy for this trajectory of service delivery included the acceleration of responsiveness to speedily resolve service delivery blockages and coordinated onsite responses to observed service delays for immediate community relief. The City's efforts of improving service delivery also focused on the strengthening of the well-established service delivery processes and practices.

The provision of sustainable basic services to improve the living conditions of the most disadvantaged residents and pushing for growth and development through supporting initiatives for business development and job creation took centre stage.

Electricity

BCMM is an implementing agent for the Department of Energy's (DoE) Integrated National Electrification Program (INEP); the program seeks to provide universal access of electricity to all. Electrification of formal RDP houses falls within this category and those not electrified are considered formal backlog, these dwellings are built on approved erven and to reduce housing needs to previously disadvantaged communities. In the BCMM area of supply, this backlog is due to ongoing housing projects and infill houses built after housing project completion. As a minimum the program calls for a 20-amp service connection, BCMM has taken a decision to provide a minimum of 40 amps to all RDP service connections within the BCMM area of supply (Within the urban edge). Access to this supply for low income consumers is through the INEP funding, BCMM counter funding and an approved subsidized connection fee. The BCMM council has approved that indigent consumers be provided with a service connection free of any charges. Current backlog within the BCMM area of supply in the formal RDP housing sector are owed to new RDP projects completed within the year, this number fluctuates around 1500 and remains un-electrified for a short period of time.

BCMM council has taken a decision to electrify informal dwellings within BCMM which meet the informal dwelling electrification criteria, the main criteria being that the area must have a formal layout and be on BCMM property.

In the Eskom area of supply, the backlog is mainly caused by extensions to already electrified villages, the main hindrance on these extensions being electrified is that many of them do not meet electrification guideline of having a formal layout plan

In the ESKOM area of supply the municipality has very little control of the level of service or when the service will be provided as ESKOM request the funding and identify the areas after which they request

BCMM to provide permission to install electricity as the electrification must form part of the IDP.

Water Services

The rapid growth of urban centres is putting pressure on the municipality to increase its capacity in order to respond to the service calls timeously. Provision of water and sanitation services is dispensed by using internal capacity within the Metro, as well as contractors which are procured through the supply-chain management process. 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 recent increased the infrastructure investment and expenditure shows the commitment in providing sustainable water services to our communities. Since 2015/16, more than R717 000 000 has been spent on the water and sewer reticulation network. In 2017/18 alone, the metro spent R313 424 759 replacing and installing new pipes, building new and maintaining existing reservoirs and pump stations, and providing services to customers in informal settlements. As BCMM 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 R502 418 266 in wastewater treatment works since 2015/16.

In agreement to the metro's customer needs, the Metro also invested close to R104 193 452 in various water meter replacement programmes, primarily aimed at ensuring that customers receive accurate readings. In terms of the bulk water supply network, about R215 019 829 has been spent since 2015/16, including some R64 628 000 and R81 939 000 respectively over the past two years.

Roads and Stormwater Management

The Buffalo City metro in its commitment to provide an all water access to all citizens has achieved the following highlights in the 2017/18 financial year.

On gravel roads, more than 80.2 kilometres have been re-gravelled/gravelled in the rural and urban cores of the metro to improve access to services. In addition to that, 38,058 Kilometres of gravel roads have been upgraded to surface standard as part of renewal of the urban space and revitalisation to townships such as Mdantsane, Duncan Village, Dimbaza, etc.

A total of three bridges in Gillwell Mall Bridge, McJanet Drive Bridge and Pearce Street Bridge were successfully refurbished in the 2017/18 financial year.

Human Settlements

In terms of the Housing Act 107 of 1997 and in reference to the housing accreditation framework, the Municipality undertakes to set housing delivery goals, identify and designate land for human settlements (HS) development, initiate, co-ordinate, facilitate, promote and enable appropriate human settlements development. As part of the IDP, it also undertakes to take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and furthermore, to ensure that conditions which are not conducive to health and safety are removed.

In the financial year 2017/2018, the Directorate had a target of 583 top structures, 866 internal services and 2 000 beneficiary registration.

The Directorate has over achieved and succeeded to complete 583 top structures, 1 572 internal services and 2 288 beneficiaries were registered in the National Housing Needs Register (NHNR). BCMM provided 50 Temporary Shelters to the Destitute Families within its jurisdiction and has conducted 20 sessions of Housing Consumer Education in BCMM Wards as an attempt to educate prospective beneficiaries and existing beneficiaries about the processes that lead to the ownership, management and maintenance of a house.

Approximately 2915 homeless people were moved from informal settlements to decent housing units that were provided with individual owned waterborne sanitation, under-ground water including proper roads. About 1 195 households residing in rural areas rescued from cracking mud structures and provided with high quality housing units equipped with water reservation tanks.

During 2017/2018 financial year the Directorate of Human Settlements managed to deliver on the following housing construction projects:

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Majali = 38	Fynbos/Ndancama = 49	Fynbos/Ndancama = 21	Fynbos/Ndancama = 154
Nkqonkqeni = 39	Tsholomnqa = 40	Majali = 24	Tsholomnqa Disaster = 18
Tsholomnqa = 65		Tsholomnqa = 15	
Fynboss/Ndancama = 120			
TOTAL 262 units	89 units	60 units	172 units

In the list given above, the following were classified as high priority housing projects:

- Majali with 62 housing units were provided to households residing in rural areas
- Nkqonkqeni of 39 housing units were provided to households residing in rural areas
- Tsholomnqa of 138 housing units were provided to households residing in rural areas
- Fynboss/Ndancama with 344 housing units that were provided to household residing to informal settlements households

The creation of affordable and well-located rental stock for the rapidly-growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a priority. However, a major challenge for the Metro has been the shortage of well-located and affordable land for housing provision.

In addition, the Metro has lacked a coherent strategy for land acquisition, apart from the fact that public land is 'vested' in the State. In addition, there is simply no land available for human settlements development in the Metro. Thus, there is a need for further land acquisition. Land release is further hampered 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.

In response to this challenge, the Metro engaged the Housing Development Agency (HDA) and signed a protocol agreement that will allow for land release and acquisition

Local Economic Development

In year 2017/18 Buffalo City Metro increased its efforts in responding to de-industrialization, low economic activity, low investment in key economic sectors resulting in low productivity, high rate of failure of SMMEs, the scourge of unemployment and rising poverty. In dealing with these complex issues, Buffalo City Metro, through its Economic Development and Agencies Directorate had to forge new and strengthen existing strategic partnerships to leverage further resources and technical expertise.

Following the development of a Master Plan for the Revitalization of the Dimbaza Industrial area into an Eco Industrial and Agro-processing Hub in the previous year, Buffalo City entered into a Memorandum of Agreement with the Eastern Cape Development Corporation to contribute towards infrastructure upgrade. This initiative also saw crowding in of financial support from other key stakeholders such as the National Department of Trade and Industry (the DTI) and the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism also invested R50 Million and R12 Million respectively. The planning and designs have been finalised.

Collaboration with National Treasury, World Bank and IFC on reducing the Cost of Doing Business by introducing interventions that improve turnaround times in the City's Business Processes. Although the speed at which the city was able to implement its reforms was less than optimal, Buffalo City was able to participate in the Sub-National Cost of Doing Business Survey, the results of which will be published in September 2018. Collaboration with Services SETA for a three-year period amounting to R31, 6million towards learnerships, apprenticeships, bursaries and internships. Services SETA, working together with Buffalo City and the Provincial Department of Public Works will be undertaking renovations at the Sekunjalo Skills Centre. The second part of the partnership involves the refurbishment of two blocks at the Sekunjalo Skills Centre in Mount Coke. The site hand-over took place in June 2018 and the project will be completed in June 2019.

Collaboration with COGTA on the Community Works Programme where an amount of R26million has been set aside for two thousand (2 000) participants. Whilst this programme does not equate to full-time employment, BCMM and COGTA are committed to ensure that it contributes towards poverty alleviation and people graduate towards self-employment or are upskilled after this intervention.

Buffalo City Metro is collaborating with key local stakeholders that include BKCOB, ECDC, EL IDZ in driving Investment into Buffalo City. This Invest Buffalo City Initiative is working hard on positioning Buffalo City as a preferred destination to invest, work, live and play.

Collaboration with Mercedes Benz South Africa (MBSA) on several areas including the Green City campaign, Skills Development through its Academy, provision of internet access and Investment Promotion. Buffalo City extended its international twinning relations and included Yubei District in Chongqing in China with the main of bringing investors to its shores.

Municipal Services Overview

Sport and recreation facilities department upgraded various facilities as follows:

Five sport facilities, two beaches facilities, four swimming pools facilities and one zoo facility.

The following are the statistics for the sports and recreation facilities department: -

Sports Facilities	: 75 842 Visitors
Zoo	: 74 349 Visitors
Aquarium	: 29 065 Visitors
Beaches	: 95 000 Visitors
Pools	: 122 023 Visitors
Boats	: 29 065 Registrations for Boat Hire

The following major events were hosted at the sports and recreation facilities:-

Iron man 70.3 triathlon at orient beach.
Premier Soccer League matches at Sisa Dukashe Stadium.
National and provincial swimming championships at Joan Harisson swimming pool.

T 3.0.1

generally one of inadequate capacity, old and aging infrastructure, resulting in periodic spillages into the river systems. Access to sanitation is also divided into waterborne which is taking care of the urban and some peri-urban settlements and Ventilated Improved Pit (VIP) are provided in the rural villages.

These settlements are serviced by 15 wastewater treatment works (WWTW), 4 facultative ponds and 1 sea outfall, each with its own catchment area. Due to the topology of the region, there are many sewage pump stations and pipe bridges within the respective drainage regions, which place additional operation and maintenance burdens on the service branch.

Key Solid Waste Service Achievements

The Department has in the year under review managed to:-
Initiate an 18-month contract from October 2017 for construction of two new cells (Cells 3 and 4) in the Roundhill Landfill Site in Berlin. This contract also involves among others upgrade and construction of a Leachate Treatment Plant on the said site. This is to ensure pollution prevention of the water sources in and around the Roundhill Landfill Site.

Established a partnership with the Swedish Environment Protection Agency and GIZ for diversion of certain wastes from landfill disposal for their proper management and to encourage programmes like recycling where possible.

Developed a Service Delivery Improvement Plan Clean City Programme to address the City's challenges regarding the unacceptable state of cleanliness.

Implement a weekly Blitz programme to address waste management challenges like clearance of illegal dumps including preparations to ensure acceptable state of cleanliness for the City's Events.

T 3.1.0

COMPONENT A:

BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

BCMM provides water services to its consumers situated within the municipal boundary, no other entities that assist in the provision of services except for Amatola Water Board who is the bulk water services provider. The level of services for water services have been broken into two categories, rural areas or households outside the urban edge are supplied with communal standpipes based on RDP standards. Households situated within the urban edge are getting a full pressurised water supply (i.e. erf connections).

Free Basic Water

Free basic water service provision is implemented as follows:

- Rural – level of service
- Urban informal – first 6kl per household / month free
- Urban formal – rebate for registered indigent consumers.

Approximately 98% of households have access to basic levels of water supply including those that are residing in informal settlements. The condition of the sewerage infrastructure throughout BCMM is

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The rapid growth of urban centres is putting pressure on the municipality to increase its capacity in order to respond to the service calls timeously. Provision of water and sanitation services is dispensed by using internal capacity within the Metro, as well as contractors which are procured through the supply-chain management process. 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 recently increased the infrastructure investment and expenditure shows the commitment in providing sustainable water services to our communities. Since 2015/16, more than R717 000 000 has been spent on the water and sewer reticulation network. In 2017/18 alone, the metro spent R313 424 759 replacing and installing new pipes, building new and maintaining existing reservoirs and pump stations, and providing services to customers in informal settlements. As BCMM 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 R502 418 266 in wastewater treatment works since 2015/16.

In agreement to the metro's customer needs, the Metro also invested close to R104 193 452 in various water meter replacement programmes, primarily aimed at ensuring that customers receive accurate readings. In terms of the bulk water supply network, about

R215 019 829 has been spent since 2015/16, including some R64 628 000 and R81 939 000 respectively over the past two years.

Sources of Water

The security and the sustainability of water services is the responsibility of the Department of Water and Sanitation (DWS). In committing to this mandate, the DWS have established the Amatola Water Supply System Reconciliation Strategy which comprises of all the Water Services Authorities (WSAs) that are getting water supply from Amatola Water Supply System. BCMM get its bulk water from Amatola Water Board through agreement which they get as raw water from DWS. Amatola Water System supplies about 82% of BCMM water supply the remainder is coming from the Keiskamama System and the stand-alone underground water supply schemes.

The Amatole Water Supply System (AWSS) supplies domestic, industrial and agricultural water to the Buffalo City Metropolitan Municipality (BCMM), as well as to parts of Ngqushwa and Amahlati Municipalities which form part of the Amathole District Municipality (ADM). The supply system comprises the following dams: Bridle Drift Dam, Gubu Dam, Laing Dam, Maden Dam, Nahoon Dam, Rooikrantz Dam and Wiggleswade Dam. The implementation of the Strategy is guided by the Strategy Steering Committee (SSC) comprising representatives of the Department of Water and Sanitation, BCMM, ADM, Amatola Water and other strategic partners.

As for the blue drop status, the municipality got a blue drop score of 72% in 2014 not achieving the 95% target required to score a blue drop. This score does not mean that the metro supplies a below standard water when it comes to quality. The quality of the water supplied to our consumers is beyond 95% compliance required by blue drop as the Department achieved 99% water quality compliance with national standards (SANS 241) in the financial year under review.

The level of services for water services have been broken into two categories, rural areas or households outside the urban edge are supplied with communal standpipes based on RDP standards. Households situated within the urban edge are getting a full pressurised water supply (i.e. erf connections).

Service delivery objectives for the period under review: -

Description	Baseline	Target	Actual
% of households with access to basic level of water supply	97.3%	98%	98%
% compliance of water treatment works with SANS 241	≥95%	≥95%	99%
Reduction in non-revenue water	34%	30%	43.69%

The municipality has prioritized reduction of Non-Revenue Water through implementation of a pipe and water meter replacement programs. The municipality has spent over R 160 million in the last three financial years on pipe replacement programme and has budgeted R 200 million in the mid-term budget and expenditure framework to continue with the programme. The programme includes replacement of old meters, to reduce metering inaccuracies.

Similarly, the Department 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.

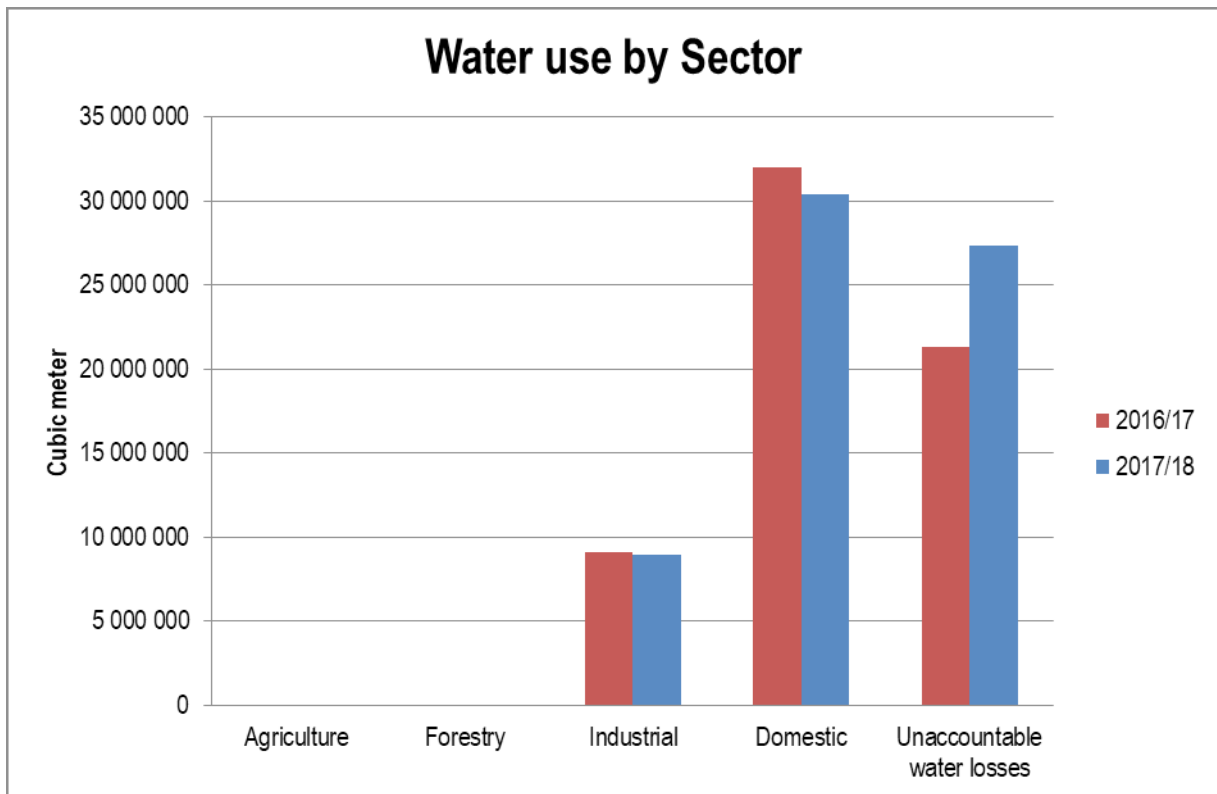
The municipality has also identified several illegal connections, particularly in the rural supply schemes to communities.

The BCMM has installed water service points to informal settlements to ensure access of water services. Communities together with the Ward Councillors identify needs within informal settlements to which the BCMM 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 properties beyond the metre. BCMM operates a call centre which is open 24 hours per 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 line departments.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2015/16	0	0	8 957 828	30 402 468	27 327 983
2016/17	0	0	9 143 690	32 013 979	21 329 702
2017/18	0	0	7 429 316	29 767 909	28 850 421

T 3.1.2



T 3.1.2.1

COMMENT ON WATER USE BY SECTOR:

The system yield is adequate to meet the high growth projections until the next planned additional water resource augmentation which is expected to be implemented by 2027. The metro has reliably provided water services to communities. A total of 26 124 819 kilolitres of water was purchased in the 2017/18 financial year, compared to 27 599 046 kilolitres purchased in the last financial year (2016/17). These results indicate a decline of 1 474 227 kilolitres in billed consumption.

There are some 850 rural non-residential consumers units (i.e. schools, clinics, police stations sports facilities) within BCMM. These often have rudimentary standalone water supplies and generally have basic onsite dry sanitation facilities, which are not serviced by BCMM.

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.

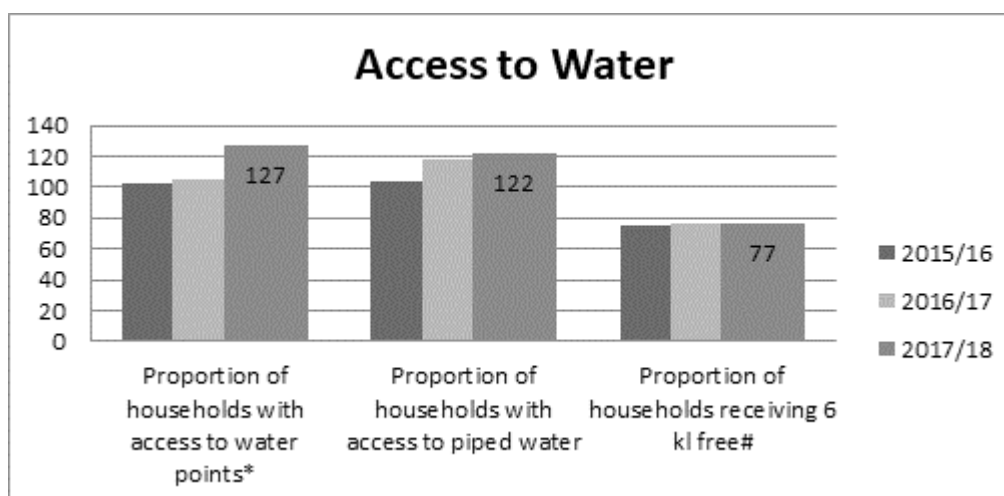
T 3.1.2.2

Water Service Delivery Levels				
Households				
Description	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	118	118	118	122
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (within 200m from dwelling)	103	104	105	127
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	221	222	223	249
Minimum Service Level and Above Percentage	99%	99%	99%	98%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	1	1	–	–
Other water supply (more than 200m from dwelling)	–	–	–	–
No water supply	2	1	1	5
Below Minimum Service Level sub-total	3	2	1	5
Below Minimum Service Level Percentage	1%	1%	1%	2%
Total number of households*	224	224	224	254

T 3.1.3

Households – Water Service Delivery Levels below the minimum						
Households						
Description	2014/15	2015/16	2016/17	2017/18		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	118 000	118 000	118 000	253477	253477	253477
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	103 000	104 000	104 000	253477	253477	253477
Households below minimum service level	1 503	1 152	1 152	4947	4947	4947
Proportion of households below minimum service level	1%	1%	1%	2%	2%	2%

T 3.1.4



T 3.1.5

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2016/17		2017/18		2018/19		2019/20	
		Target	Actual	Target	Actual	*Current Year	Target	*Current Year	Target
Service Indicators		*Previous Year		*Previous Year		(viii)	(ix)	(x)	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To ensure water supply systems in BCMM are compliant with Blue Drop Certification	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	No additional HHs, only provided bulk lines (1246 HHs outstanding)	No additional HHs, only provided bulk lines (1246 HHs outstanding)	No additional HHs (5822 HHs outstanding)	755 additional HHs, only provided bulk lines (5067 HHs outstanding)	755 additional HHs, only provided bulk lines (5067 HHs outstanding)	1455 additional HHs (3612 HHs outstanding)	800 additional HHs (2812 HHs outstanding)	1000 additional HHs (1812 HHs outstanding)
	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx interruptions of one hour or more during the yr)	Less than 12 Ints	4 Ints	4 Ints	Less than 12 Ints	4 Ints	Less than 4 Ints	Less than 4 Ints	Less than 4 Ints
To ensure universal access to potable BCMM	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kiloliters (KLs) unaccounted for during the yr)	T5% (12000000 KLs)	34.14% (21239702 KLs)	41% (27327983 KLs)	T5% (12000000 KLs)	34.14% (21239702 KLs)	T5% (12000000 KLs)	T5% (12000000 KLs)	T5% (12000000 KLs)
	To ensure effective conservation and demand management of water resources in BCMM								
T 3.1.6									

Employees: Water Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	155	171	145	26	15.20%
4 – 6	53	69	50	19	27.54%
7 – 9	37	42	37	5	11.90%
10 – 12	69	87	66	21	24.14%
13 – 15	8	9	6	3	33.33%
16 – 18	2	3	3	0	0%
19 – 20	0	0	0	0	0%
Total	324	381	307	74	19.42%

T 3.1.7

Financial Performance 2017/2018: Water Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	619,326	565,778	590,778	449,342	-26%
Expenditure:					
Employees	109,345	117,058	122,504	120,409	3%
Repairs and Maintenance	47,715	52,428	49,886	50,844	-3%
Other	543,409	405,646	389,000	454,494	11%
Total Operational Expenditure	700,469	575,132	561,390	625,746	8%
Net Operational Expenditure	81,143	9,355	(29,388)	176,404	95%

T 3.1.8

Capital Expenditure 2017/2018:					
Water Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	98,4	115,939	102,729	4%	
West Bank Restitution – Water	17	22,708	20,279	16%	42,708
Water Backlogs	14	19,075	16,692	16%	46,475
KWT and Bisho Infrastructure (Water)- Inland Bulk Water Provision	7,9	7,949	6,992	-13%	30,265
Amahleke Water Supply	6,25	9,269	8,212	24%	24,469
Upgrade Water Networks in terms of Densification and Augmentation	9,25	9,453	8,079	-14%	9,453
Pipe and Water Meter Replacement Programme in East London	15	15,648	14,153	-6%	15,648
Pipe and Water Meter Replacement Programme in Mdantsane Areas	15	16	14,594	-3%	16
Pipe & Water Meter Replacement Programme in Bisho, KWT & Dimbaza Areas	9	10	9,588	6%	10
Kei Road TW	5	4,72	4,14	-21%	4,72
Upgrading of Laboratory Infrastructure	–	1,119		0%	1,119

T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The water performance targets and achievements as per the 2017/2018 Service Delivery Budget Implementation Plan (SDBIP) are as follows:

- The percentage of households receiving water supply services have increased from 97.7% to 98% which is 0.3% or 755 households in the year under review.
- The compliance of water treatment works with national standards (SANS 241) have been substantially above the target of 95% sitting at 99%.

Our baseline information, targets and deliverables are summarised in the following table: -

DESCRIPTION	BASELINE	TARGET	ACTUAL ACHIEVEMENT
% of households with access to basic Level of water supply	97.7%	98%	98%
% compliance of Water treatment works With SANS 241	≥95%	≥95%	99%

The following are our Four largest capital projects in 2017/18:-

Description	Details
Augmentation of Water Treatment capacity	Design and construction of additional sedimentation tank, augmentation of bulk water mains upgrading of BRPS and Mdantsane pump station.
Bulk Water Supply to Coastal areas)	Construction of bulk water supply, reservoirs and village reticulation to eradicate backlogs and augment water supply to coastal towns.
Amahleke water Supply	Design and construction of additional storage reservoir to provide a storage capacity of 36hrs. To augment water supply to accommodate village extensions.
Bulk Water Provision- Replacement of existing infrastructure	Replacement of aging infrastructure to reduce bursts and installation of water meters (bulk & domestic) to reduce water losses.

To address the issues of WWTW compliance, aging infrastructure, housing delivery and economic development BCMM have initiated the following projects, Augmentation of treatment capacity, Amahleke water supply, Newlands water supply and Bulk water supply to coastal areas. To address water shortages in our Inland region the Border Post Water Treatment Works project was initiated. The variance in budget required for these projects is approximately R530 million. The budget shortfall of R176 million is required to eradicate water backlogs in BCMM.

The Operation and maintenance budget is fully committed and has a shortfall.



Eradication of Water backlogs

For the current MTREF, BCMM has a budget as set out below:-

Financial Year	Budget
2018 - 2019	R 194 450 950
2019 - 2020	R 306 500 000
2020 - 2021	R223 624 512
Total	R724 575 462

BCMM had only 1% water backlogs before 2016 local government elections, due to the change of municipal boundaries which was implemented after August 2016 then the backlog figures increased to 2.3%. The funding required to eradicate these backlogs is approximately R 176 million.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Access to waterborne sanitation, with either off or on-site disposal, is limited to the formal and certain larger peri-urban settlements within the Urban Edge of BCMM (some 45% of the BCMM population). These settlements are serviced by fifteen (15) wastewater treatment works (WWTW), four (4) facultative ponds and one (1) sea outfall, each with its own catchment area.

The condition of the sewerage infrastructure throughout BCMM is generally one of inadequate capacity, old and poorly maintained infrastructure, resulting in periodic spillages into the river systems.

Owing to the topography of the region, there are a large number of sewage pump stations and pipe bridges within the respective drainage regions, which place an additional operation and maintenance burden on the service branch. The level of service is as follows;

- a) Rural: The level of service for households outside of the Urban Edge is the basic level of service (VIP's to RDP standards).
- b) Urban: The level of service for households within the Urban Edge is as follows: Target level: connection and water borne sanitation;

The current sanitation backlog is predominately rural as detailed.

The provision of rural sanitation was initially implemented by the Department of Water Affairs (DWA), before BCMM became a Water Services Authority (WSA). The toilets that were implemented by DWA are in Tsholomnqa and Nxamkwana.

43366 households have served since 2012 and the year under review. A further 6500 toilets are planned for the remainder of the MTREF. Backlogs further constitute existing structures not meeting minimum standards.



Refer to Figure 1 detailing typical VIP unit installed.

The Sanitation Department is responsible for the operation and maintenance of:

- a) 15 Wastewater Treatment Works
- b) 2530 km of sewers
- c) 101 Sewer Pump Stations
- d) 83 000 VIP's

The Departments top service delivery objectives are as detailed below:-

Description	Target	Actual
% Compliance with effluent quality standards	>70%	81%
No households provided with access to basic level of sanitation service	3000	3238
Additional Service Points (Toilets) installed in informal settlements	60	78

Current infrastructure managed

The Sanitation Department is responsible for the operation and maintenance of:

- 15 Wastewater Treatment Works
- 2530 km of sewers
- 101 Sewer Pump Stations
- 83 000 VIP's

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Description	Target	Actual
% Compliance with effluent quality standards	>70%	81%
No households provided with access to basic level of sanitation service	3000	3238
Additional Service Points (Toilets) installed in informal settlements	60	78

In addressing the current challenge of the insufficient capacity in our wastewater treatment works several projects have been initiated. These are Reeston Wastewater Treatment Works (WWTW), Zwelitsha regional WWTW and Hood Point.

The conveyance infrastructure in many instances is well beyond its remaining useful life and requires replacement. R 40 Million per annum is made available. Theft, vandalism and incorrect use of the system causes system failures which result in spillages into the environment.

The experience gained in clearing out VIP's has shown that it is not an easy operation as all kind of foreign material is deposited into the pits. The content furthermore is normally quite solid and cannot be removed by vacuum tanker unless water is added and then mixed. Even then problems occur as plastic packets or bottles and lumps of newspaper clog the hoses.

More seriously however is the disposal of the content once in the tanker. Currently tankers must drive long distances to treatment works to empty. Suitable dumping sites will have to be found within close proximity of villages if the clearing of household VIP's are going to be done on a regular basis.

To address the sanitation needs in informal settlements (as identified by Ward Councillors) the BCMM have provided 1795 toilets (78 in 2017/18) to date and under the EPWP programme 403 caretakers have been engaged for the cleaning and maintenance thereof.

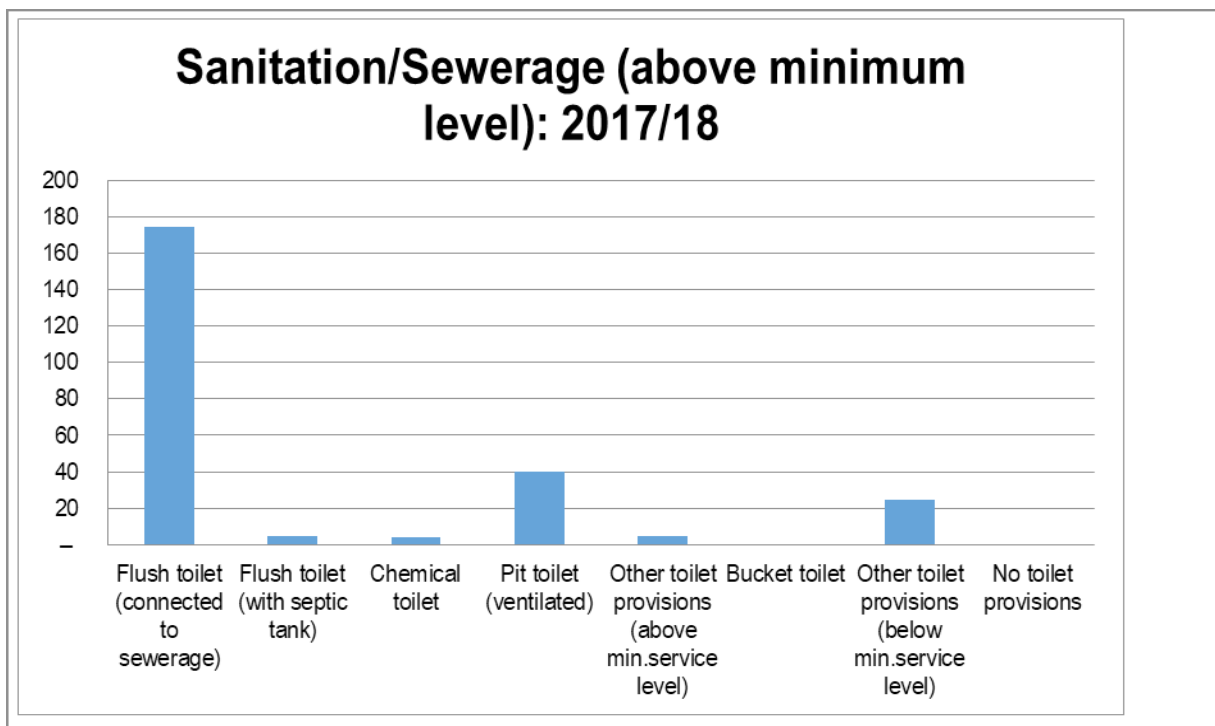


Figure 2: The new semi-permanent ablution



From the 2013 Green Drop Audit BCMM obtained a Green Drop status for the East Bank WWTW and an overall Green Drop Score of 80.94%. The overall access to basic level of sanitation is 90%.

T 3.2.1



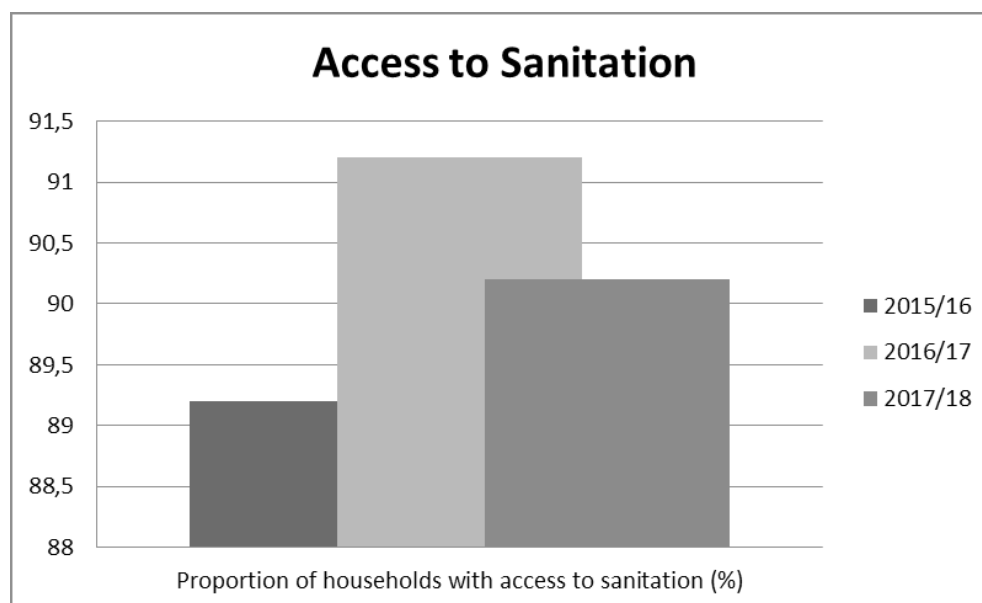
T 3.2.2

Sanitation Service Delivery Levels				
*Households				
Description	2014/15	2015/16	2016/17	2017/18
	Outcome	Outcome	Outcome	Actual
	No.(000)	No.(000)	No.(000)	No.(000)
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	156	157	159	175
Flush toilet (with septic tank)	5	5	5	5
Chemical toilet	4	4	4	4
Pit toilet (ventilated)	27	31	36	40
Other toilet provisions (above min.service level)	26	25	20	5
Minimum Service Level and Above sub-total	218	222	224	229
Minimum Service Level and Above Percentage	97,5%	99,2%	100,0%	90.3%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	–	–	–	–
Other toilet provisions (below min.service level)	–	–	–	24
No toilet provisions	6	2	–	–
Below Minimum Service Level sub-total	6	2	–	24
Below Minimum Service Level Percentage	2,5%	0,8%	0,0%	9.7%
Total households	224	224	224	253

T 3.2.3

Households – Sanitation Service Delivery Levels below the minimum						
Households						
Description	2014/15	2015/16	2016/17	2017/18		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	224	224	224	253	253	253
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	224	224	224	253	253	253
Households its below minimum service level	43	35	30	49	49	49
Proportion of households below minimum service level	19%	16%	13%	19%	19%	19%

T 3.2.4



T 3.2.5

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives		2016/17			2017/18			2018/19	2019/20
Service-Indicators	Outline Service Targets	Target		Actual	Target		Actual	Target	
		*Previous Year			*Previous Year			*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of toilets within standard	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	11300 additional HHs (HHs remaining)	8301 additional HHs (13205 HHs remaining)	8301 additional HHs (13205 HHs remaining)	1689 additional HHs (11516 HHs remaining)	6049 additional HHs (5467 HHs remaining)	1648 additional HHs (3819 HHs remaining)	1648 additional HHs (3819 HHs remaining)	2000 additional HHs (1819 HHs remaining)
Flush Toilets – sewerer		157011	158671	158671	160171	159208	159708	160208	160708
Flush Toilets – septic (conservancy) tanks		5437	5437	5437	5437	5437	5437	5437	5437
Rural VIP Latrines		31309	36298	36298	39358	39358	40000	44000	48000
Informal Settlement HH's serviced		1420	2410	2410	3010	4590	5190	5790	6390
									T 3.2.6

Employees: Sanitation Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	261	274	229	45	16.42%
4 – 6	30	40	29	11	27.50%
7 – 9	48	57	47	10	17.54%
10 – 12	26	29	26	4	13.79%
13 – 15	6	9	4	5	55.56%
16 – 18	0	1	0	1	100%
19 – 20	0	0	0	0	0%
Total	371	410	334	76	18.54%

T 3.2.7

Financial Performance 2017/2018: Sanitation Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	547,163	498,398	421,147	434,180	-15%
Expenditure:					
Employees	94,973	101,469	107,469	110,050	8%
Repairs and Maintenance	36,168	40,604	39,425	39,052	-4%
Other	282,314	341,214	236,551	154,144	-121%
Total Operational Expenditure	413,456	483,287	383,445	303,245	-59%
Net Operational Expenditure	(133,707)	(15,111)	(37,702)	(130,935)	88%

T 3.2.8

Capital Expenditure 2017/2018: Sanitation Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	214,698	288,866	249,859	14%	
Eastern Beach Gravity Sewer Upgrade – Blind River to City Pumpstation	33,881	23,744	18,745	-81%	121,624
Bulk Sanitation Provision – Programme				0%	
Reeston Bulk Sewer	35,000	49,100	43,098	19%	49,100
Ablution Facilities	3,000	3,212	2,817	-7%	10,212
Mdantsane Sanitation	15,000	5,504	4,933	-204%	29,504
Hood Point Marine Outfall Sewer and Ancillary Works	10,000	11,151	9,742	-3%	278,051
Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme – Phase 2 Zwelitsha WWTW	77,818	141,603	126,471	38%	297,245
Bulk Sanitation Provision – Replacing Existing Infrastructure				0%	
Reticulation	20,000	19,000	10,941	-83%	79,000
Reticulation		6,553	6,551	100%	6,553
Wastewater Treatment Works	15,000	25,000	23,517	36%	105,000
Pump Stations	5,000	4,000	3,045	-64%	14,000

T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

Description	Details
Reeston Phase 3 Bulk Services Sewer	The construction of the Civil Works for the 10 MI/day upgrade of the Reeston WWTW. Effluent to be diverted from the Central WWTW. This project is to provide capacity for housing developments and industrial expansion.
Waste Water Infrastructure Capacity (KWT Regional Scheme)	KWT Regional Sewerage Scheme: The decommissioning of 3 WWTW and the diversion of all flow to the regional Zwelithsa WWTW. Currently implementing Phase 2: 17,5 MI/day upgrade to the Zwelithsa WWTW. Civil and Mechanical/ Electrical Contracts awarded. This project is to provide capacity for housing developments and industrial expansion.
Bulk Sanitation Provision	KWT Regional Sewerage Scheme: The decommissioning of 3 WWTW and the diversion of all flow to the regional Zwelithsa WWTW. Currently implementing Phase 2: 17, 5 MI/day upgrade to the Zwelithsa WWTW. Civil and Mechanical/ Electrical Contracts awarded. This project is to provide capacity for housing developments and industrial expansion.
Sanitation Backlog Eradication	Provision of VIP's to eliminate rural sanitation backlogs.

To address the issues of WWTW compliance, aging infrastructure, housing delivery and economic development BCMM have initiated the projects, Reeston Phase 3 Bulk Services Sewer, Waste Water Infrastructure Capacity KWT Regional Scheme and Bulk Sanitation Provision. To address access backlogs the Sanitation Backlog Eradication project was initiated. The variance in expenditure for Waste Water Infrastructure Capacity (KWT Regional Scheme) and Bulk Sanitation Provision was minimal as these are multi-year ongoing projects. Operating and maintenance budgets were fully committed.

To address the IDP targets (bulk augmentation projects) the following budgets are set aside in terms of the MTREF:-

Financial Year	Budget
2017-2018	R 287 394 290
2018-2019	R 482 303 840
2019-2020	R 226 880 803
Total	R 996 578 933





Figure 3 Reeston WWTW

T 3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The BCMM electricity department purchases bulk electricity from Eskom via 15 intake points of distribution in the BCMM supply area. This is re-distributed to all legal consumers within the urban edge. The provision of sustainable access to electricity to all households within Buffalo City is one of the City's key priorities.

The purpose of the Electricity Department is to provide a safe, effective and efficient electrical supply service in accordance with legal and statutory requirements to all legal Buffalo City Consumers within the BCMM electrical network.

BCMM is an implementing agent for the Department of Energy's (DoE) Integrated National Electrification Program (INEP); the program seeks to provide universal access of electricity to all. Electrification of formal RDP houses falls within this category and those not electrified is considered formal backlog, these dwellings are built on approved erven and to reduce housing needs to previously disadvantaged communities. In the BCMM area of supply, this backlog is due to ongoing housing projects and infill houses built after housing project completion.

As a minimum the program calls for a 20-amp service connection, BCMM has taken a decision to provide a minimum of 40 amps to all RDP service connections within the BCMM area of supply (Within the urban edge). Access to this supply for low income consumers is through the INEP funding, BCMM counter funding and an approved subsidized connection fee. The BCMM council has approved that indigent consumers be provided with a service connection free of any charges. Current backlog within the BCMM area of supply in the formal RDP housing sector are owed to new RDP projects completed within the year, this number fluctuates around 1500 and remains un-electrified for a short period of time.

BCMM council has taken a decision to electrify informal dwellings within BCMM which meet the informal dwelling electrification criteria, the main criteria being that the area must have a formal layout and be on BCMM property.

In the Eskom area of supply, the backlog is mainly caused by extensions to already electrified villages, the main hindrance on these extensions being electrified is that many of them do not meet electrification guideline of having a formal layout plan

In the Eskom area of supply the municipality has very little control of the level of service or when the service will be provided as Eskom request the funding and identify the areas after which they request BCMM to provide permission to install electricity as the electrification must form part of the IDP.

LEVELS AND STANDARD OF ELECTRICITY SERVICE

Levels and Standard of Electricity Service in Urban Areas

Electricity in RDP Housing

The Department is furthermore 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 (Within the urban edge), above the Department of Energy's requirement of 20 amps.

The housing projects need to meet the DoE guidelines for electrification which requires that the housing project must be 80% complete and occupied. The department implements informal electrification in line with a council resolution. Informal dwellings within the BCMM area of supply receive the same service as a formal RDP household.

INFORMAL ELECTRIFICATION:

It is recognized that informal settlements are an urban reality, at least in the medium term, and will be the only form of housing available to many residents. The informal Electrification projects are implemented for two main reasons to reduce electricity theft and to improve the quality of life of the residents of these settlements, Council took a decision that the settlements will be provided with interim electricity services, as per Council resolution BCMC 131/12, subject to the settlements meeting the minimum criteria.

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

- a) Servitude
- b) Road or rail reserve
- c) Flood prone area
- d) Environmental issues
- e) Storm water retention or detention pond
- f) Private land
- g) Unstable land
- h) Any other health or safety hazard.
- i) The settlement is stable (i.e. there is no further growth or relocation planned for the foreseeable future)
- j) Such settlements provided are treated as ad hoc projects and are motivated separately.

BCMM has over 45 000 informal dwellings within the electrical network, most of which do not meet the DoE guideline or have been ear-marked for densification or relocation.

LEVELS AND STANDARD OF ELECTRICITY SERVICE IN RURAL AREAS

RURAL SUPPLY BY ESKOM

Eskom has been issued a NERSA license to supply rural areas which fall outside the BCMM's NERSA Licensed area of supply. Currently the BCMM has no control on the service level supplied by ESKOM to BCMM constituents in rural areas, due to no service level agreement with Eskom.

Without an SLA a number of issues arise, including:

- a) Different tariffs to communities within the same area
- b) Different service levels to communities within the same area.

BCMM provides a supply of 40 amps; ESKOM supplies 20 amps or less within the ESKOM area of supply, street lighting is not provided. Street lighting is provided to consumers within the BCMM network as the BCMM electricity tariff, which is slightly higher than ESKOM's, makes allowance for this service.

On Street Lighting as BCMM does not receive income from electricity sales from consumers within the ESKOM area of supply this service cannot be provided. Most of the above concern could be addressed by a service level agreement. As this problem does not only affect BCMM, municipalities through SALGA, are negotiating a distribution service level agreement with ESKOM as required by numerous ACTs which the municipality and ESKOM are required to adhere to.

FREE BASIC ELECTRICITY:

BCMM provides the minimum free basic service to all indigent consumers of 50 units, this includes the Eskom serviced residents.

REVENUE PROTECTION:

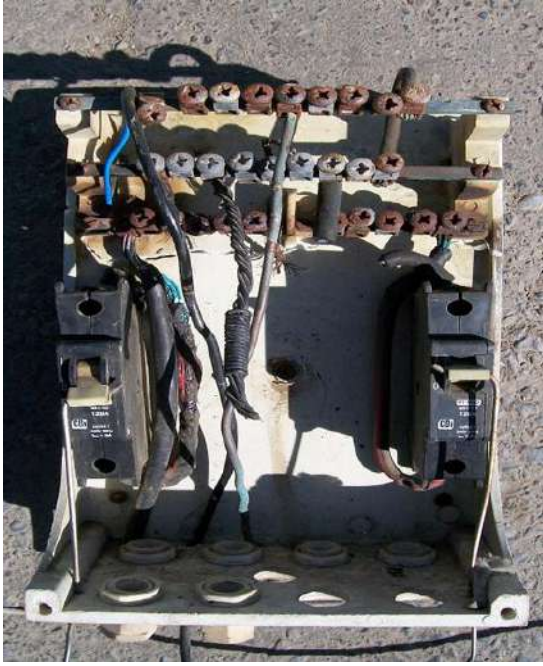
The 2017/18 financial period was a successful year for Revenue Protection, as the main meter tampering syndicate member was eventually arrested in Cape Town, after a three-year long investigation. It is estimated that the impact of this crime over the past three financial years resulted in over R 170 million non-technical losses for BCMM alone and whereby this impact is reflected in the high total electricity losses for the period at 17.69% or R149 million.

The criminal case against the main electricity meter tampering syndicate member is currently being heard in the East London court and whereby the National Prosecuting Authority is using twenty-four of BCMM's customers as witnesses against the accused.

The new smart meter project is now well underway and there have been in excess of 1300 smart meters already installed. There have been numerous challenges with this project but BCMM's stance of introducing smart meter technical commissioning sheets, installation photographs and installation work procedures has resulted in these challenges being overcome. The full integration of smart meter readings into our billing system will hopefully be achieved within the next financial year.

The Revenue Protection Section has now acquired its own bucket truck, which is being used to remove illegal electricity connections from the electrical network. This will assist the section in reducing its operational costs and whereby monetary savings can be used to fund other essential revenue recovery projects.

It has been established that our Queens Park substation is operating at a bad power factor of 0.71. This technical loss can be corrected by installing capacitor banks and will result in annual savings of +R7 million. The installation of power factor correction equipment will cost BCMM in the region of +R12 million and the project cost payback will take 19-20 months. Thereafter, BCMM will benefit by some R7 million per year by not being overcharged by ESKOM.

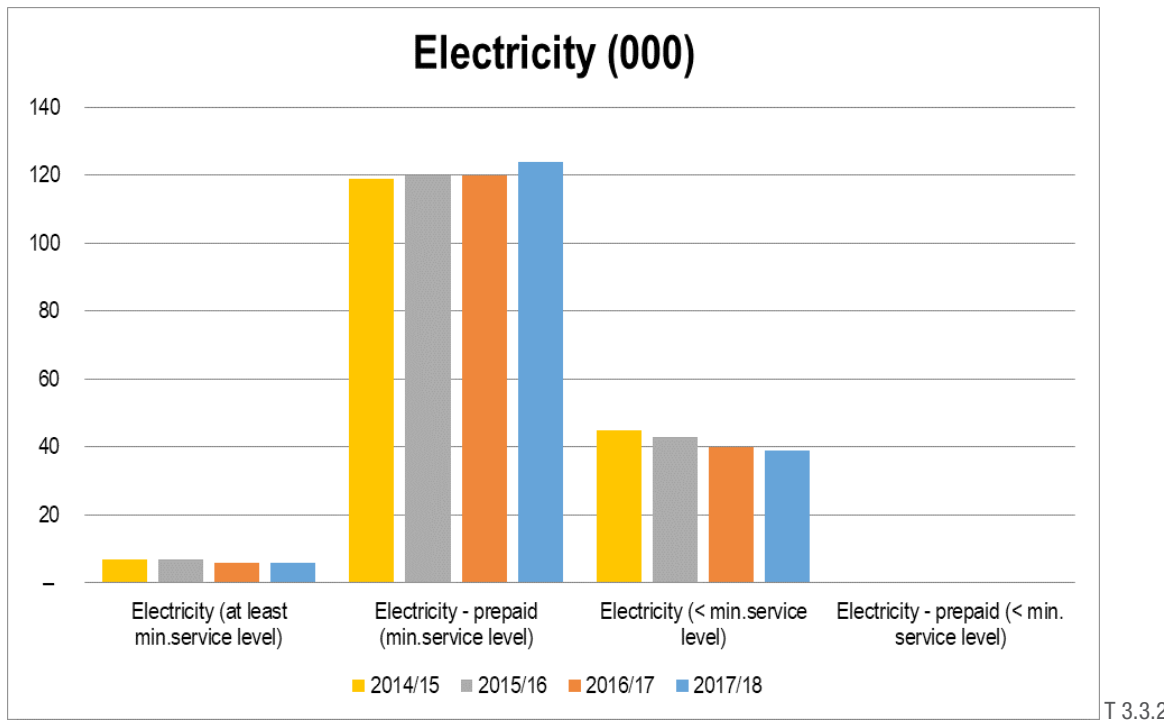


Damaged Equipment due to illegal connections



Illegal Connections

T 3.3.1.



Electricity Service Delivery Levels				
Households (,000)				
Description	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min.service level)	7	7	6	6
Electricity – prepaid (min.service level)	119	120	120	124
Minimum Service Level and Above sub-total	126	127	126	130
Minimum Service Level and Above Percentage	73,7%	74,7%	75,9%	76,9%
Energy: (below minimum level)				
Electricity (< min.service level)	45	43	40	39
Electricity – prepaid (< min. service level)	–	–	–	–
Other energy sources	–	–	–	–
Below Minimum Service Level sub-total	45	43	40	39
Below Minimum Service Level Percentage	26,3%	25,3%	24,1%	23,1%
Total number of households	171	170	166	169

T 3.3.3

Households-Electricity Services Delivery Levels Below the minimum						
Households (,000)						
Description	2014/15	2015/16	2016/17	2017/18		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	129	130	129	132	132	132
Households below minimum service level	3	3	3	3	3	3
Proportion of households below minimum service level	2%	2%	2%	2%	2%	2%
Informal Settlements						
Total households	45	45	45	45	45	45
Households ts below minimum service level	44	43	40	39	39	39
Proportion of households ts below minimum service level	98%	96%	89%	87%	87%	87%
T 3.3.4						

Electricity Service Policy Objectives Taken From IDP									
Service Objectives		2016/17		2017/18		2018/19		1-Feb-19	
Service-Indicators	Outline Service Targets	Target	Actual	Target	Actual	*Current Year	Target	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(ix)	(x)	
Service Objective xxx									
Provision of minimum supply of electricity	Number of new RDP household supplied with Electricity	1831200 new RDP electrical service connections	1200 new RDP electrical service connections	1200 new RDP electrical service connections	500 new RDP electrical service connections	2314 new RDP electrical service connections	700 new RDP electrical service connections	1700 new RDP electrical service connections	1700 new RDP electrical service connections
	Provision of minimum supply of electricity	Number of informal households supplied with Electricity	1971 informal dwellings	1002 informal dwellings	50 informal electrical service connections	38 informal electrical service connections	1 000 informal electrical service connections	1 000 informal electrical service connections	1 000 informal electrical service connections
Implement lighting programme to ensure adequate lighting coverage	Number of new highmast lights installed	0	5	5	5	10	10	10	10
								T 3.3.5	

Employees: Electricity Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	103	120	100	20	16.67%
4 – 6	23	28	25	3	10.71%
7 – 9	37	41	36	5	12.19%
10 – 12	63	75	61	14	18.67%
13 – 15	5	8	4	4	50%
16 – 18	2	2	2	0	0%
19 – 20	0	1	0	1	100%
Total	233	275	228	47	17.09%

T 3.3.6

Financial Performance 2017/2018: Electricity Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,769,506	1,891,400	1,909,124	1,725,897	-10%
Expenditure:					
Employees	87,328	114,043	112,788	113,444	-1%
Repairs and Maintenance	126,246	139,356	106,032	105,750	-32%
Other	1,102,615	1,575,687	1,575,190	1,626,294	3%
Total Operational Expenditure	1,316,189	1,829,086	1,794,010	1,845,488	1%
Net Operational Expenditure	(453,317)	(62,313)	(115,114)	119,591	152%

T 3.3.7

Capital Expenditure 2017/2018: Electricity Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	140,500	143,488	127,663	-10%	
Office Furniture and Equipment (Directorate)	500	637	628	20%	2,837
Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)	60,000	60,000	56,657	-6%	180,000
Bulk Electricity Infrastructure Upgrade – Replacing Existing Infrastructure	40,000	40,000	32,412	-23%	120,000
INEP Electrification Programme	25,000	7,300	6,972	-259%	67,300
INEP Electrification Programme c/o		12,500	12,472	100%	12,500
Electrification of Informal Dwelling Areas within BCMM	10,000	7,000	4,247	-135%	67,000
Street Lighting and Highmasts within BCMM Areas of Supply	5,000	5,229	4,586	-9%	20,229
Tools and Equipment		2,000	1,624	100%	2,000
Building Alterations – Beacon Bay Civic Centre and Operations Depot in EL/KWT	0	1,000	528	100%	1,000
BUFFER STRIP MDANTSANE ELECTRIFIC ED389	0	2,822	2,538	100%	2,822
REPLACMNT EXIST STREETLIGHTS-LED LIGHTS	0	5,000	5,000	100%	5,000

T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

On Street and High Mast Lighting

The Following Street light and high-mast lighting project were completed in the year under review:

High-mast Lighting installed in Amalinda Forrest, Mzamomhle, Duncan Village, Intersection, Western Avenue X 2, East Coast Intersection. New LED technology was utilized reducing energy usage by 50%.



High Mast Installation Duncan Village

Bonza Bay Road, Edge road to Beaconsurst Drive, due to road works and major development within the area and the increase of vehicle and pedestrian traffic new lighting was required to meet roads regulations.



Bonza Bay Road streetlighting Edge rd to Beaconsurst Drive

NETWORK STABILITY/ ENHANCEMENT:

Without a reliable network and increased capacity, the Electricity Department cannot provide services or install additional connections onto the network. The electricity network in Buffalo City has improved substantially owing to the continuous capital investment into the system over the last four years. The prioritization of capital projects is based on a number of issues which are then taken into account:

1. The Electrical Master Plan which has been updated in the last two years
2. The network performance over the previous year
3. The required upgrading needed to meet new consumer

The Electricity Department received R142 million in the 2017/2018 financial year for capital projects. The electricity services department spent 88% of the budget implementing countless projects to ensure a safe, reliable and efficient electrical network.

Detailed below are the projects implemented throughout the 2017/2018 financial year:

Bulk Electricity Infrastructure Upgrade (Ring Fenced 4% of Revenue)

- 1) Cambridge S/H to Abattoir S/C Install 2 x 185 PEX Cables
- 2) Collondale Circuit Breakers
- 3) Bunkershill Circuit Breakers
- 4) Park Avenue Circuit Breakers
- 5) Adventure Circuit Breakers
- 6) Urban S/House Circuit Breakers
- 7) Diesel Depot Switchgear Upgrade (4 switches)
- 8) Buffalo Street Substation – 5 Switches
- 9) Factory Switchhouse (ex Amatola View Switchgear) – BUS Section C/B
- 10) Adventure Power Phase 2 Refurbished switchgear and SCADA
- 11) Power Station KWT Commissioning
- 12) Stoneydrift Switchhouse – 132kV and 66kV Circuit Breakers
- 13) Dimbaza Switchgear Stage 1
- 14) Zwelitsha Switchgear Stage 1
- 15) Mzamomhle, Gonubie MV/LV Overhead Phase 2
- 16) Nahoon LV Network Upgrade
- 17) Bonza Bay LV Network Upgrade
- 18) Gonubie LV Network
- 19) Brookmead Terrace Circuit Breakers
- 20) Arum Road Replace 4 Panel RMU
- 21) Beaconsfield Substation Replace with Mini Substation
- 22) Sumner Road Mini Substation
- 23) Crewe School Mini Substation
- 24) Fisher Road (4way) RMU replacing LV Feeders
- 25) Parkin Rd Bunkers Hill M/Sub
- 26) Sunnyside Install Feeder RMU
- 27) Dolphin Engineering Substation
- 28) Breidbach Protection Phase 2
- 29) Urban Substation Protection Phase 2
- 30) SCADA Setup and Switch house Links
- 31) Fiber Cable Installation – BCMM area
- 32) Cecelia Makiwane Hospital Mdantsane Protection
- 33) Reeston Switchhouse Protection
- 34) Da Gama Switchhouse Mdantsane Protection
- 35) Telkom Switchhouse Protection
- 36) Potsdam South Protection
- 37) Fort Jackson Switchhouse Protection
- 38) Mount Ruth Switchhouse Protection
- 39) Potsdam East Protection
- 40) Central Switchhouse Protection
- 41) Mdantsane Switchhouse Protection
- 42) Central Injection Substation Protection

Bulk Electricity Infrastructure Upgrade

- 1) Fourways to President Park Replace 120 XLPE Cable
- 2) Fort Hare to Contact Centre
- 3) Bisho Res New MV Cable
- 4) Dimbaza MV Feeder Cable
- 5) Thornbush No 2 Minisubstation
- 6) Douglas Road Substation Install Minisubstation
- 7) Pentlands Place Install Minisubstation
- 8) Aquarium Minisubstation

- 9) Goodall Road Minisubstation
- 10) Maggs Street Minisubstation
- 11) Bishop Road Minisubstation
- 12) Beaconsfield Drive Minisubstation
- 13) Dredge Place 500kVA Minisubstation
- 14) Putney Avenue RMU Replace with 3 Way C/B
- 15) Le Roux Road Minisubstation
- 16) Glamorgan Prison Switchhouse Upgrade (Metered 3 Panels)
- 17) Becketts Upgrade (Metered 3 Panels)
- 18) Naim and Williamson Upgrade (Metered 3 Panels)
- 19) SA Breweries Upgrade (Metered 3 Panels)
- 20) Dorbyl 5 Panels Replacement
- 21) Embassy Court
- 22) Roads Camp Minisubstation
- 23) Kemp Road 500kVA Minisubstation
- 24) Seaview Terrace Install Minisubstation
- 25) Ideal Court Install Minisubstation
- 26) Fynbos – Ndancama RMU Installation
- 27) Balfour Park Install Minisubstation
- 28) Grey Street KWT 630kVA Minisubstation
- 29) Power Station 500kVA Minisubstation
- 30) Club Ekaya Install RMU
- 31) Nompumelelo Replacement PMT No 13 & No 18
- 32) Nompumelelo Replacement PMT No 12, 13, 18 & 19
- 33) Bhengu Street Replace with 800kVA Minisubstation
- 34) Lolo Park Bhisho Replace Minisubstation
- 35) Mzamomhle Replacement PMT1
- 36) Unathi High School 50kVA PMT
- 37) Cambridge Township Replacement PMT 4
- 38) Zwelitsha Zone 1 Replacement PMT
- 39) 132kV Line Stoneydrift to Stafford



Installation of New Mini Sub-Station



Cable installation



Installation of New Switch Gear

ACHIEVEMENTS 2017 – 2018

INFORMAL ELECTRIFICATION:

Over the past year, the electricity department electrified 38 informal dwellings; this is a small portion of what is required to make the program effective in terms of reducing the losses to BCMM's revenue.



Informal Electrification

FORMAL ELECTRIFICATION

The Electricity Department received in the 2017/2018 financial year as published in the Division of Revenue Act. Due to housing construction project delays, the planned number of dwellings for electrification is far below the projected estimate provided at the time of application to the Department of Energy. Over the past year, the Buffalo City Metropolitan electrified 2314 RDP dwellings in the following areas;

- a) Buffer Strip Mdantsane,
- b) Fynbos/Scenery Park,
- c) Phakamisa,
- d) Reeston and Phase 2

MAJOR CHALLENGES IN ELECTRICITY

SERVICES AND REMEDIAL ACTIONS

Our concern is the Operational Budget which is insufficient to service the capital investment made in the electrical network

STREET LIGHTING IN INFORMAL AREAS

The status quo in terms of street lighting remains, in informal areas that cannot be electrified due to them not meeting the electrification criteria, as in these areas the street light circuit is used to make illegal connection making them inoperative.

In the informal areas that meet the electrification criteria, as part of the installation of the network, street lights are also installed

High masts, as an alternative, have also been installed to provide lighting. As they are also prone to vandalism and to be used as a point of illegal supply, rendering them ineffective, the high masts are placed away from informal dwellings but close enough to provide some lighting in the informal areas. This is not always possible to achieve due to limitation in terms of space required to install high mast lighting.

As the street lighting is used for illegal connections and not the service it is meant to provide the lighting circuit within these areas add to the electrical losses seen within the city.

ESKOM'S PROVISION OF SERVICES WITHIN BCMM AREA OF JURISDICTION:

Eskom has a NERSA license to supply, mostly, rural areas which fall outside the BCMM area of supply. A number of issues arise due to this ESKOM responsibility

- Different tariffs to communities within the same area
- Different service levels to communities within the same area.

BCMM provide a supply of 40 Amps. ESKOM provides a supply of 20 Amps or even less.

As the ESKOM license only provides for the distribution of electricity, ESKOM has no obligation to provide street lighting. However, if BCMM were to provide the lighting infrastructure, BCMM would be unable to sustain the maintenance of the street lights as they would not be able to charge the required surcharge to the ESKOM tariff. Further to this BCMM cannot institute credit control measure within the Eskom area. Street lighting is provided to consumers within the areas supplied by the BCMM network, the maintenance of which is funded by the BCMM tariff.

BCMM still investigation a sustainable solution in this regard.

In terms of the Municipal Systems Act any service provider providing services within a municipal jurisdiction should do so under a service level agreement. Such a service agreement would resolve the issues shown above and a number of others.

To avoid legal action being taken by Municipalities, the involved Ministries, Department of Trade and Industry and the Department of Energy a task team has been set up to provide a final solution and provide a working Service Delivery Agreement. The task consistent of SALGA, Municipalities and Eskom a number of task meeting have taken place and a draft agreement is in the process of being finalized.

ILLEGAL CONNECTIONS

As reported last year Illegal electricity connections remain a major concern within BCMM as illegal connections have an impact on the viability of the electricity department to provide a safe, reliable and efficient supply to our legal consumers.

Illegal connections impacts on most municipalities and even ESKOM, therefore government has taken a strong view on this illegal act and in terms of the Criminal Amendments act has made the act of illegal connections a major offences were previously it was considered a minor offence. BCMM have used this act to charge illegal connectors, consumer who by pass meter and people who vandalize the electrical network, it is envisaged that improvement will gradually be shown once these cases have been finalized.

To have a greater impact this Act should be used to its fullest extent in prosecuting connectors that are making illegal connections, focusing on those that are conducting this as a business and impacting on other services such as sewage pump station which is getting BCMM into an unsavory legal situation with both environmental and health provincial departments.

Due to the expansion of informal areas, tampering syndicate the electrical losses on the network have increased over the years, despite all the efforts made to electrify informal settlements to a tune of more than 6000.

The informal electrification project will continue and is planning additional connections in areas meeting the guidelines for the year 2018/19 in Mzamazole, Kanana, Xwithinja, etc. This should in turn leads to reduction in financial losses to the city.

The death toll cause by illegal connections has increased from the 70 reported last year to 74, with 4 additional death being caused by illegal connections

T 3.3.9

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

INTRODUCTION TO WASTE MANAGEMENT

The provision of a consistent and predictable supply of a regular municipal waste collection service; achieving integrated waste management planning; pursuing and promoting waste minimisation; re-use, recycling and recovery interventions; and promoting the compliance of landfills and hazardous waste management facilities are amongst the main driving activities of the Buffalo City Metropolitan Municipality's waste management. Some of these waste management imperatives can be achieved better if people, households and industries or businesses (the generators of waste) are aware of the impact of waste on their health, wellbeing and the environment.

In the Buffalo City Metropolitan Municipality, a highly industrious City with a fast-growing population, effective waste management services are critical. In response to this growing demand for waste management services, the City offers a comprehensive waste management service, which includes kerbside refuse collection, litter picking and removal of illegal dumping to prevent environmental pollution while ensuring

that social conditions are maintained at an acceptable level and the spread of disease is limited. To achieve the required levels of efficiencies, the City employs various approaches in the provision of waste management services.

The Department has due to shortage of trucks augmented the current fleet by hiring trucks on a daily basis in order to ensure that service is rendered on a daily basis to communities in the City.

Partnerships with the Department of Environmental Affairs and business have been established. E.g. BKCOB and DEDEAT. Shortage of staff is also augmented by employing temporary staff through EPWP projects.

Waste Generation

Waste generation is driven by socio-economic factors, such as the growing population and increasing demands for goods. BCMM is characterised by increasing consumerism, industrialisation and urbanisation, which correlate positively with waste generation. This growing trend exerts significant pressure on available resources to process waste material.

Municipal Waste Collection Services

Waste removal services contribute significantly towards the management of domestic waste. The City offers a comprehensive waste management service, which includes kerbside refuse collection, litter picking and removal of illegal dumps to prevent environmental pollution while ensuring that social conditions are maintained at an acceptable level and limits the spread of disease.

T 3.4.1.

Solid Waste Service Delivery Levels				
Description	Households			
	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	130	138	143	127
Minimum Service Level and Above sub-total	130	138	143	127
Minimum Service Level and Above percentage	5.7%	5.3%	6.3%	28.4%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	n/a	n/a	n/a	n/a
Using communal refuse dump	865	846	487	63
Using own refuse dump	655	547	565	205
Other rubbish disposal	502	952	938	17
No rubbish disposal	112	123	124	35
Below Minimum Service Level sub-total	2,135	2,468	2,113	320
Below Minimum Service Level percentage	94.3%	94.7%	93.7%	71.6%
Total number of households	2,265	2,606	2,256	447

T 3.4.2

Households – Solid Waste Service Delivery Levels below the minimum						
Description	2014/15	2015/16	2016/17	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	100,000	100,000	100,000	126	100,000	228 000
Households below minimum service level	25,000	25,000	25,000	–	–	–
Proportion of households below minimum service level	25%	25%	25%	0%	0%	
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	156
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	1
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	719%

T 3.4.3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2016/2017		2017/2018		2020/2021			
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		*Previous Year		*Previous Year		*Current Year		*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(viii)	(viii)
	% of Household with access to waste removal	126000	126000	126000	126500	126500	126500		
T 3.4.4									

Employees: Solid Waste Management Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	425	446	404	42	9.42%
4 – 6	46	53	46	7	13.21%
7 – 9	67	71	66	5	7.04%
10 – 12	12	15	13	2	13.33%
13 – 15	1	1	1	0	0%
16 – 18	3	3	3	0	0%
19 – 20	1	1	1	0	0%
Total	555	590	534	56	9.49%

T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	26	27	26	1	3.7%
4 – 6	6	6	6	0	0%
7 – 9	8	8	8	0	0%
10 – 12	3	3	3	0	0%
13 – 15	0	0	0	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	44	45	44	1	2.22%

T3.4.6

Financial Performance: Solid Waste Management Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	381,777	414,783	344,936	327,516	-27%
Expenditure:					
Employees	128,068	128,896	176,026	167,572	23%
Repairs and Maintenance	24,387	36,426	15,232	14,143	-158%
Other	187,853	164,182	102,188	108,529	-51%
Total Operational Expenditure	340,308	329,504	293,447	290,243	-14%
Net Operational Expenditure	(41,469)	(85,279)	(51,489)	(37,273)	-129%

T3.4.7

Financial Performance: Waste Disposal and Other Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6,605	6,236	6,235	2,956	-111%
Expenditure:					
Employees	12,030	11,299	13,699	14,206	20%
Repairs and Maintenance	1	146	146	65	-123%
Other	36,765	29,772	29,289	18,233	-63%
Total Operational Expenditure	48,795	41,217	43,133	32,504	-27%
Net Operational Expenditure	42,190	34,981	36,899	29,548	-18%

T3.4.8

Capital Expenditure: Waste Management Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	47,286	49,983	46,337	-2%	
Construction and Rehabilitation of Waste Cells	40,000	13,803	14,817	-170%	40,000
Construction and Rehabilitation of Waste Cells – Roundhill Berlin	2,626	31,520	31,520	92%	2,626
Waste Management Facilities Programme	4,660	4,660	–	0%	4,660
					<i>T 3.4.9</i>

COMMENT ON THE PERFORMANCE OF WASTE MANAGEMENT OVERALL.

PRIORITY PROJECTS AND THE IMPACT TO THE COMMUNITY

The Functional challenges that face BCMM Solid Waste Dept. are:

- Illegal dumping and general littering of Waste
- Growing unsightly disposal of packaging waste
- Littering by the public in public spaces and especially in low income areas has created an environmental health challenge on rats, foul smells and risk of pollution.
- Un-serviced or difficult – to service settlements
- Dumping of Municipal Solid Waste (MSW) on historical and closed landfill sites.

Infrastructural Challenges

The growth of peri-urban informal settlements is major challenge. Standard waste disposal operations are not well suited for the provision of waste cleaning services.

Frequent breakdown and maintenance of waste collection trucks
High transport fuel bill

These challenges have a major effect on the efficiency and sustainability on the ability of waste management service provision.

Urgent need to establish various waste disposal infrastructures e.g. Transfer Stations, Material Recovery Facilities and Public Buy-Back Centres.

Need to establish a hazardous waste disposal facility.

Plan to extend waste collection services to peri-urban and traditional households.

Urgent need to develop a leachate and ground water management and leachate treatment.

Organizational Challenges are as follows:

BCMM's Solid Waste Management Department is under the Community Services Directorate. BCMM is the only Metro with such an arrangement. This affects among others on staffing and budgeting allocations

An asset register is required that also includes landfill airspace as resource.

Landfill site gate fees which are one of the lowest of all the Metro Municipalities.

Need of partnering of waste management services with private waste management companies for waste management and landfill diversion programmes.

Measures taken to improve the provision of the service

The Department of Solid Waste has due to the shortage of resources augmented the existing resources by:-

- Hiring Compactor Trucks to ensure that waste is collected from all households daily.
- Engaged in partnerships with Business and DEDEAT in order to assist BCMM in ensuring that the City is kept clean.

In order to carry out Phase 1 and to develop a Status quo report, Financial Projections, Project implementation Plan that informs the Turn-around Strategy, the Service Provider has undertaken the following activities:

Site visit, inspection, assessments and interviews with key personnel and role players responsible and related to the site. Assessment and analysis of current operations and conditions on the site against Roundhill Landfill site permit requirements and DWAF Minimum Requirements for Waste Disposal by Landfill – the site is GLB+, meaning that it is a large site accepting more than 500 tons of general waste per day and that generates significant leachate. Collection of water quality monitoring results from the BCMM Scientific Services;

Conducting topographical survey of the Roundhill Landfill site; Conducting geotechnical investigation; conducting environmental monitoring; looking at ground water, surface water and air quality monitoring.

Phase 1 has now been completed and Phase 2 entails implementation of the corrective measures and remediation of the site. The design for remediation has been completed and tender document for the rehabilitation plan that will take 24 months will be submitted to BCMM on the 27 June 2014.

The implementation of the corrective measures and remediation works will entail the following:

- a) Construction of a temporary cell 3 to accommodate excess waste from cells 1 and 2
- b) Cutting of the excess waste from existing cells 1 and 2, reshaping and compacting thereof
- c) Fixing of the weighbridge
- d) Daily operations of the site and ensuring its compliance and aesthetics until rehabilitation are completed. Phase 3 for design of the new cells, i.e. cells 3 and 4 is progressing well and completion is anticipated in October 2014.

T3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

In terms of the Housing Act 107 of 1997 and making reference to the housing accreditation framework, the Municipality undertakes to set housing delivery goals, identify and designate land for human settlements (HS) development, initiate, co-ordinate, facilitate, promote and enable appropriate human settlements development. As part of the IDP, it also undertakes to take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and furthermore, to ensure that conditions which are not conducive to health and safety are removed.

The creation of affordable and well-located rental stock for the rapidly-growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a priority. However, a major challenge for the Metro has been the shortage of well-located and affordable land for housing provision.

In addition, the Metro has lacked a coherent strategy for land acquisition, apart from the fact that public land is 'vested' in the State. In addition, there is simply no land available for human settlements development in the Metro. Thus, there is a need for further land acquisition. Land release is further hampered 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.

In response to this challenge, the Metro engaged the Housing Development Agency (HDA) and signed a protocol agreement that will allow for land release and acquisition. During November 2013, the protocol agreement between BCMM and HDA was signed. However, efforts need to be applied to improve the relationship between the two institutions in order for the agreement to bear fruit.

The delays in speeding up the land release or transfer of ownership to BCMM is taking longer than anticipated, these challenges resulted into delays in the desired pace to upgrade informal settlements

through provision of full serviced sites and building of decent housing for homeless citizen of BCMM. There is an urgent need to unlock all land parcels to improve service delivery.

The Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate, facilitate, promote and enable appropriate housing development. As part of the IDP, it also undertakes to take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and furthermore, to ensure that conditions which are not conducive to health and safety are removed.

The municipality is 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 settlements household families and to those who are residing in back yard shacks and to the blue card holders.

The BCMM has ± 76 600 prospective beneficiaries contained in the National Housing Needs Register (NHNR). In respect of informal settlements, the BCMM has ± 49 000 households who are residing in informal settlements. The Directorate of Human Settlements work together with Spatial Planning and Development Directorate in respect Informal Settlements Upgrading Programme (NUSP).

The Directorate of Human Settlements is measured according to the number of top structures completed, number of sites provided with basic municipal services and number of beneficiaries registered for housing opportunities.

In the financial year 2017/2018, the Directorate had a target of 583 top structures, 866 internal services and 2 000 beneficiary registration. The Directorate has over achieved and succeeded to complete 583 top structures, 1 572 internal services and 2 288 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. BCMM provided 50 Temporary Shelters to the Destitute Families within its jurisdiction and has conducted 20 sessions of Housing Consumer Education in BCMM Wards as an attempt to educate prospective beneficiaries and beneficiaries about the processes that lead to the ownership, management and maintenance of a house.

Furthermore, the Directorate of Human Settlements has embarked on a review process of its Integrated Sustainable Human Settlement Plan (ISHSP). The ISHSP will serve as a guide and road map for 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 implementation of the ISHSP requires the definition of various projects, plans and their objectives. In order to meet the objectives of these projects there needs to be funding allocated by the appropriate funding bodies, which are set up either within the municipal structures, or at provincial or at national level. The ISHSP then undertakes the role of defining broadly the nature and cost of capital investments necessary for the implementation of the ISHSP. A workshop on ISHSP was held on the 18-19 June 2018 as an attempt to finalise its implementation.

During 2017/2018 financial year the Directorate of Human Settlements managed to deliver on the following housing construction projects: -

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Majali = 38	Fynbos/Ndancam = 49	Fynbos/Ndanca = 21	Fynbos/Ndancama = 154
Nkqonkqeni = 39	Tsholomnqa = 40	Majali = 24	Tsholomnqa Disaster = 18
Tsholomnqa = 65		Tsholomnqa = 15	
Fynboss/Ndancama = 120			
TOTAL 262 units	89 units	60 units	172 units

In the list given above, the following were classified as high priority housing projects:

- Majali with 62 housing units were provided to households residing in rural areas
- Nkqonkqeni of 39 housing units were provided to households residing in rural areas
- Tsholomnqa of 138 housing units were provided to households residing in rural areas
- Fynboss/Ndancama with 344 housing units that were provided to household residing to informal settlements households

In summary 583 housing units were built with estimated number of 5 people per household, approximately 2915 homeless people were moved from informal settlements to decent housing units that were provided individual owned waterborne sanitation, under-ground water including proper roads. About 1 195 households residing in rural areas rescued from cracking mud structures and provided with high quality housing units equipped with water reservation tanks. The next phase will be provision of land tenure protection through property ownership transfer (title deeds).

Township establishment that are considered by CoGTA took longer than those considered by Buffalo City Metropolitan Council. The Directorate of Human Settlements is pessimistic that the BCMM Planning Tribunal will assist in fast tracking the approval of Township Settlements. The accessibility of well-located land in the Metro for Human Settlements development remains a challenge for the Directorate. The budget of the Directorate is also inadequate to service the demand of various communities as national fiscal is shrinking.

Despite the challenges, during this term of Council, the Metro as a Level 1 accredited developer has made significant progress with regards to Human Settlements Development.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2014/15	654000	450000	68.8%
2015/16	654000	500000	76.5%
2016/17	684000	540000	78.9%
2017/18	733000	589,000	80.4%

T 3.5.2

Housing Service Policy Objectives Taken From IDP										
Service Objectives		2017/18		2018/19		2019/20		2020/21		
Service Indicators	Outline Service Targets	Target	Actual	Target	Actual	*Current Year	Target	*Current Year	Target	*Following Year
		*Previous Year		*Previous Year		(viii)	(ix)	(ix)	(x)	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Service Objective xxx										
To promote an integrated spatial form	Reviewed Integrated Sustainable Human Settlement Plan	Reviewed Integrated Sustainable Human Settlement Plan	Reviewed Integrated Sustainable Human Settlement Plan	Reviewed Integrated Sustainable Human Settlement Plan	Adoption of Integrated Sustainable Human Settlements Plan by Council	n/a	n/a	n/a	n/a	
To promote an integrated spatial form	Number of top structures	583	583	583	450	n/a	n/a	n/a	n/a	
To promote an integrated spatial form	Number of sites provided with municipal basic services	866	1572	866	1300	n/a	n/a	n/a	n/a	
Housing Developments located in quality environments and close to economic opportunities	Number of beneficiaries registered for housing opportunities	2000	2288	2000	2010	n/a	n/a	n/a	n/a	
										73.5.3

Employees: Housing Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	6	7	6	1	14.29%
4 – 6	14	14	13	1	7.14%
7 – 9	20	22	20	2	9.09%
10 – 12	14	18	13	5	27.78%
13 – 15	3	5	3	2	40%
16 – 18	1	4	0	4	100%
19 – 20	0	2	2	0	0%
Total	58	72	57	15	20.83%

T 3.5.4

Financial Performance Year 2017/2018: Housing Services					
R'000					
Details	Year -2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	290,848	90,914	90,914	71,003	-28%
Expenditure:					
Employees	19,922	28,326	25,386	25,386	-12%
Repairs and Maintenance	98	119	102	102	-17%
Other	151,483	107,579	99,349	79,412	-35%
Total Operational Expenditure	171,503	136,025	124,837	104,899	-30%
Net Operational Expenditure	(119,345)	45,110	33,922	33,896	-33%

T 3.5.5

Capital Expenditure Year 2017/2018: Housing Services					
R' 000					
Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	186,355	145,276	129,765	-44%	186,355
Office Furniture and Equipment (Directorate)	500	500	70	-6	500
Office Furniture and Equipment (Directorate) c/o	–	420	417	1	–
Dimbaza Technical assessment	–	971	971	1	–
Sunny South	–	615	506	1	–
Reeston Phase 3 Stage 3	2,500	–	–	0	2,500
Potsdam Ikhwezi Block 1	25,000	9,663	9,317	-2	25,000
Potsdam North Kanana	20,000	1,068	931	-20	20,000
Iliitha North 177 Units	7,574	4,893	3,738	-1	7,574
Duncan Village Proper	500	–	–	0	500
Mdantsane Zone 18 CC Phase 2	34,000	12,468	10,730	-2	34,000
Amalinda Co- Op	6,000	4,423	3,779	-59%	6,000
Amalinda Fairlands	6,000	–	–	0%	6,000
Cluster 1	11,000	1,665	1,460	-653%	11,000
Cluster2	13,000	2,679	1,425	-812%	13,000
Cluster 3	39,031	72,437	63,983	39%	39,031
DUNCAN VILL COMP/SITE	2,000	–	–	0%	2,000
BLOCK YARD TRA	3,250	–	–	0%	3,250
BRAELYN EXT 10	3,000	–	–	0%	3,000
TYUTYU PHASE 3	9,000	7,384	6,467	-39%	9,000
WESTBANK RESTITUTION	4,000	1,168	1,050	-281%	4,000
BREIDBACH	–	24,921	24,921	100%	–

T 3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL.

There are approximately \pm 49 000 informal settlement structures located in 154 informal settlements within the BCMM Urban Edge. The highest density and number of informal settlement structures is located in Duncan Village. There are a further \pm 28 000 backyard shacks located in BCMM, with the highest numbers being in the greater East London area and the Mdantsane and Potsdam area.

The Human Settlements Directorate is currently undertaking the following Priority Human Settlements Programmes:

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

The objective of BCMM is to accommodate all residents, presently residing in informal settlements, into formal housing and the backyard dwellers 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 units 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 as developer implementing some of the projects within the Buffalo City Municipality. The Human Settlements Projects that are at implementation stage are geographically scattered in the following areas:

- a) East London
- b) Mdantsane
- c) Reeston (Phases 2 and 30)
- d) Duncan Village
- e) Potsdam
- f) Fynbos and Ndancama
- g) King William's Town
- h) Ilitha
- i) Rural Areas (Peelton, Potsdam Village)

The BCMM engaged the National Department of Human Settlements to assist the municipality in accelerating the eradication of informal settlements through the Interspherical Support Programme. The National and Provincial Departments of Human Settlements and BCMM are in the process of finalizing the Memorandum of Agreement (MoA) and Implementation Protocol (IP), which will assist with fast tracking of the Duncan Village Informal Settlements.

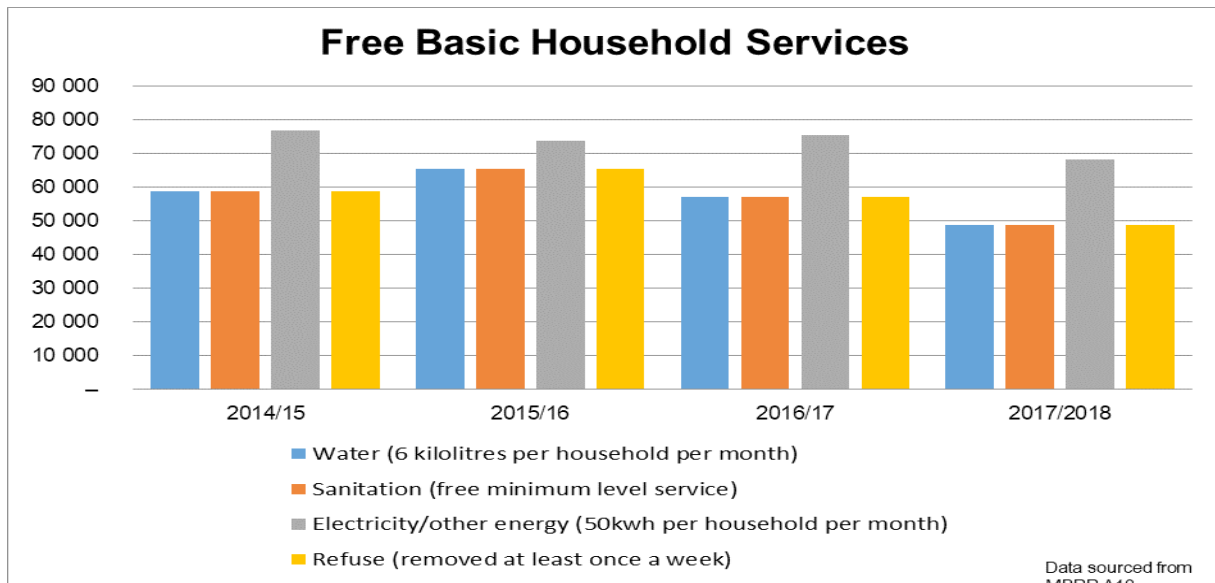
T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Council reviewed the Indigent Support Policy for 2017/18. For the period 2017/18, the policy stipulates and prescribes the qualifying criteria for a domestic household based on gross household income equal to two social grants per month or property value R120, 000.00 or less. Where the property value is R120, 000.00 or less the Indigent subsidy is automatically granted. Where the property value exceeds that amount the Indigent customer must make an annual application. Table 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 registered indigent customers.

T 3.6.1



T 3.6.2

Free Basic Services to Low Income Households										
	Number of households									
	Grand Total	Households earning less than R3,200 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2015/16	98,159	57,098	57,098	100%	52,069	100%	47,493	100%	56,430	100%
2016/17	102,347	46,701	46,701	100%	44,048	100%	42,969	100%	47,737	100%
2017/18	100,315	45,649	45,649	100%	43,079	100%	44,715	100%	46,687	100%

T 3.6.3

Financial Performance 2017/2018: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2016/17	2017/18			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	98 925 222	145 156 294	145 156 294	169 133 650	14%
Waste Water (Sanitation)	80 374 499	85 709 264	64 351 351	52 151 059	-64%
Electricity	7 229 992	9 845 198	9 845 198	8 530 762	-15%
Waste Management (Solid Waste)	95 295 404	79 849 151	118 419 716	94 645 480	16%
Total	281 825 117	320 559 907	337 772 559	324 460 952	1%

T 3.6.4

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives		2016/2017		2017/2018		Actual	Target		
		*Previous Year (2016/17)	2016/2017	*Previous Year	2016/2017		*Current Year	2018/19	2019/20
Service Indicators	Outline Service Targets								
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of alternative support to low income households that do not receive all Free Basic Services	Low income households (LIHs) who do not receive all the free basic services but do receive alternative support (Total number of LIHs not in receipt of free basic services)	1246 LIHs receiving support (out of 1246 LIHs in total)	1246 LIHs receiving support (out of 1246 LIHs in total)	1246 LIHs receiving support (out of 1246 LIHs in total)	5822 LIHs receiving support (out of 5822 LIHs in total)	5822 LIHs receiving support (out of 5822 LIHs in total)	5022 LIHs receiving support (out of 5022 LIHs in total)	4222 LIHs receiving support (out of 4222 LIHs in total)	3222 LIHs receiving support (out of 3222 LIHs in total)
T 3.6.5									

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

“Every month the Municipality grants a financial subsidy on the municipal account to those customers that are registered as Indigent. The support includes 50kWh allocation on electricity, 6kl on water and subsidy on rates, sewerage, refuse and fire levy as levied. This subsidy assists the Indigent customers with the settlement of their monthly accounts and thereby improving self-sufficiency.

T 3.6.6

COMPONENT B:

ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

T 3.7

3.7. ROADS

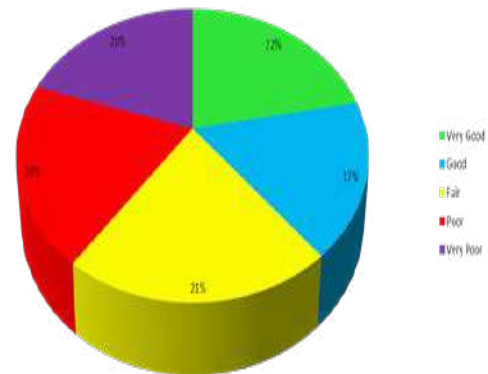
INTRODUCTION TO ROADS

In any City, the road network is one of the key components of the transportation system enabling mobility for the transportation of goods and people. A good reliable roads network is vital to the economy of a City, and acts as a catalyst to development. With this in mind, the Roads branches core mandate is to provide a safe all weather roads network for the use of all road users.

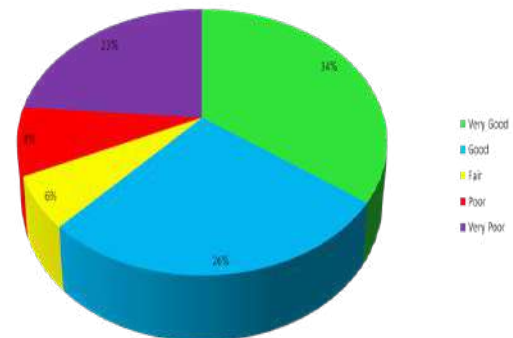
The Buffalo City Metropolitan Municipality (BCMM) roads network consists of ± 2900 km of surfaced and gravel roads network. With an estimated replacement cost of R 7,7 Billion. The surfaced roads network which includes Asphalt, Concrete and Block Paved Roads consists of ± 1600km of roads with an estimated replacement cost of ± R 6,5 Billion and a Gravel roads network of ± 1300km with an estimated replacement cost of R 1,2 Billion.

The Roads branch has an annual capital budget allocation of R 80 Million for the rehabilitation and resurfacing of existing roads infrastructure in the City (Roads provision). An additional amount of R 110 Million is allocated under the operational budget for the maintenance of existing roads.

Below is a graphic representation of the overall condition of the surfaced roads network:



There is currently 40% of the surfaced roads network in a poor to very poor condition.



There is currently 31% of the gravel roads network in a poor to very poor condition.

Generally, it is acceptable to have between 5% to 10% of the roads network in a Poor to Very Poor condition at any given time. This indicates that there is a need for extensive reinvestment in the Roads network in order to improve the overall condition of the network to acceptable levels. An additional capital investment of R 300 million per annum is required over the next 3 financial years in order to improve the overall condition of the existing surfaced roads network

Due to the shortfall in funding for roads resurfacing and rehabilitation, there has been a noted increase in the occurrence of road failures such as potholes, cracks, and rutting. When a road is not maintained on a regular basis, or resealed when required, the rate of deterioration in the road will accelerate which leads to an ever increasing rate of deterioration in the overall network.

Other Roads Agency Activities

SANRAL (South African National Roads Agency Limited) has recently completed the rehabilitation and upgrade of the N2 through King William's Town including Buffalo Rd and Grey St and the construction of a Traffic Circle at the entrance to King William's Town. The work was completed in December 2017 and the contract value was ±R 180 million

Below is the list of major projects implemented in 2017/18 financial year:

Upgrade of Mdantsane Roads

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

Phase 2 has been completed totalling 30km of roads.

Phase 3 has recently been awarded.

It is broken down into 3 clusters:

Contract Number: BCMM/PIU/RDS/1378/(1; 2; 3)/2014

Cluster 1	Gorogang Plant Hire. (20km)	R 136 667 544, 53
Cluster 2	Down Touch Investments (20km)	R 128 745 195, 48
Cluster 3	Nyoni Projects. (20km)	R 127 173 993, 61

Each cluster is made up of 20km of Gravel roads that are to be upgraded to surfaced standards including kerbing and storm water drainage.

The work to be undertaken includes:

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

Quenera Drive Phase 2

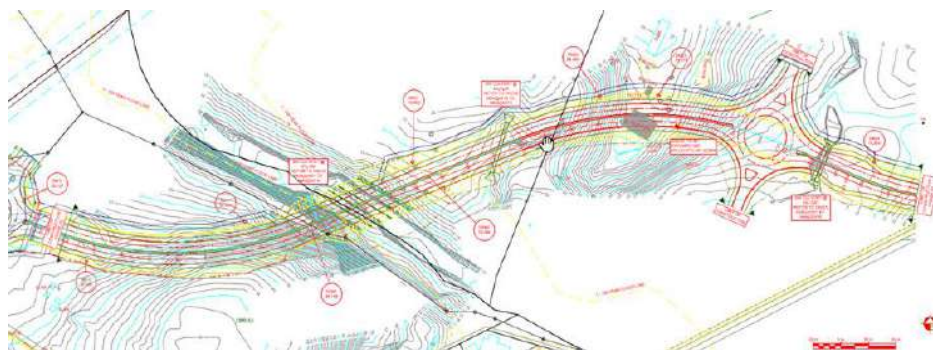
Contract value: R70 736 854.08 including VAT

This project consists of the construction of a new dual carriageway arterial road from the traffic circle below the Beacon townhouse complex in Beacon Bay to the next traffic circle on the Gonubie side of the Quenera River.

There is approximately 650m of road, complete with services, retaining walls, storm water culverts, pedestrian walkways, cycle paths and street lighting.

The contract start date was July 2017 and the anticipated completion date is March 2019

At the end of June 2018, the project was 65% complete. The contractor is currently on program and is anticipated to be complete as scheduled.



Above: General Layout of Quenera Beacon Bay Link Road



Roads Master Plan

The project is for the compilation of a Roads and Stormwater Master Plan for BCMM.

The contract commenced in July 2017. The Professional Service Provider submitted a draft copy of the Roads master plan for comment / approval in June 2018. Once it has been finalised, the final draft will be presented to council for approval during 2018/19 financial year.

Fleet Street:

Contract value: R 128 300 699.87 including VAT

The work included the reconstruction of Fleet Street, Phases 1 to 4 between Currie Street and Pontoon Road. Phase 3 and 4 were completed in the 2016/2017 financial year. Phases 1 and 2 were implemented in 2017/18. At the end of the financial year the progress was 80% complete. The anticipated completion date is November 2018.

The scope of work consists of the following: -

- 1) Removal and reconstruction of the road layers and surfacing.
- 2) Widening of the existing cross sections to accommodate the new turning slots.
- 3) Hauling and spoiling of existing material
- 4) Removal and relaying and/or replacing of the following services:-
 - Water
 - Sewerage
 - Stormwater drains
 - Subsoil drainage
 - Telecommunications
 - Electrical
 - Traffic Signals
- 5) Accommodation of Traffic
- 6) Community liaison
- 7) Other roads that have been addressed as part of the alternate routes and detours for the project include Station Street, Cambridge Street, Caxton Street, Commissioner Street, Oxford Street, Commercial Rd, Argyle Street, North Street, Thorne Street and Inverleith Terrace, and the parking areas at the intersection of Oxford and Fleet Street.



T 3.7.1.

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/ maintained
Year 15/16	1 214	25	14	140
Year 16/17	1 694	20	33	101
Year 17/18	1681	7	38	47

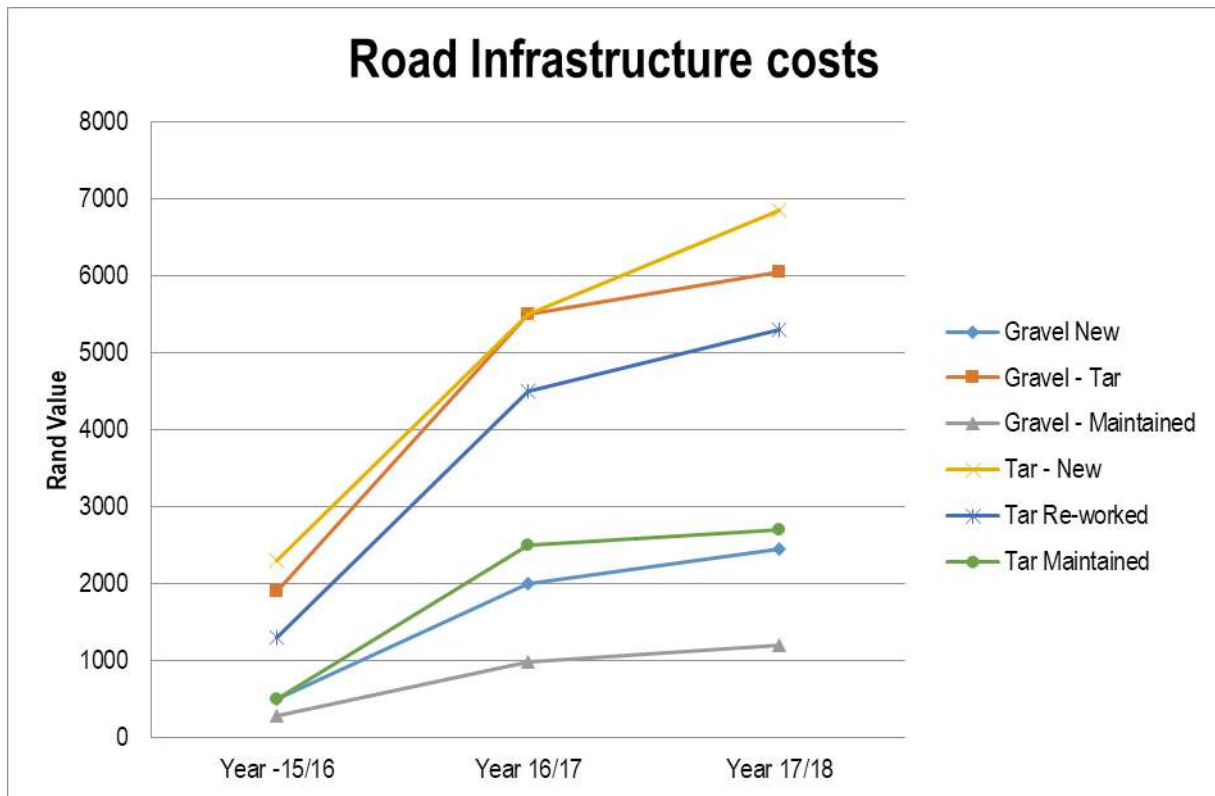
T 3.7.2

Tarred Road Infrastructure					
Kilometers					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -15/16	1 501	33.53	10	10	20
Year 16/17	1 591	33.453	20	20	400
Year 17/18	1 624	32.31	5.74	5.74	909

T 3.7.3

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
Year -15/16	490	1900	280	2300	1300	500
Year 16/17	2000	5500	980	5500	4500	2500
Year 17/18	2450	6050	1200	6850	5300	2700

T 3.7.4



T 3.7.5

Road Service Policy Objectives Taken From IDP														
Service Objectives	Outline Service Targets	Year -15/16		Year 16/17		Year 17/18	Year 18/19							
		Target	Actual	Target	Actual	Target	Target							
		*Previous Year	(iii)	(iv)	*Previous Year	(v)	*Current Year	(vi)	*Current Year	(viii)	*Current Year	(ix)	*Following Year	(x)
Service Indicators	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)				
Service Objective xxx	Elimination of gravel roads in townships	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	
			gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar	gravel roads tarred (xxx kms gravel roads ar
			dent)	dent)	dent)	dent)	dent)	dent)	dent)	dent)	dent)	dent)	dent)	dent)
			roads ar	roads ar	roads ar	roads ar	roads ar	roads ar	roads ar	roads ar	roads ar	roads ar	roads ar	roads ar
Development of municipal roads as required	xxx kms of municipal roads developed	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	
			Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled	Existing roads are den or re-gravelled
			Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced	Kilometers of roads surfaced
			Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained	Kilometers of roads maintained
	Km of gravel Roads upgraded to Surfaced Standard (new)													

Employees: Road Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	167	193	168	25	12.95%
4 – 6	51	62	55	7	11.29%
7 – 9	34	38	34	4	10.53%
10 – 12	31	32	29	3	9.38%
13 – 15	3	5	3	2	40%
16 – 18	4	4	4	0	0%
19 – 20	3	3	2	1	33.33%
Total	293	337	295	42	12.46%

T 3.7.7

Financial Performance 2017/2018: Road Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	248000	111641	108041	67529	-40%
Total Operational Expenditure	248125	111885	108291	67777	-65%
Net Operational Expenditure	248005	111760	108191	67682	-65%

T 3.7.8

Capital Expenditure 2017/2018: Road Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	293,956	369,281	268,188	-10%	
Fleet Street	50,000	56,646	49,558	-1%	56,646
Pavement Management System	1,000	1,000	990	-1%	1,000
Rural Roads	45,000	82,000	72,389	38%	157,000
Upgrading of Mdantsane Roads – Cluster 1	20,000	40,797	36,817	46%	110,797
Upgrading of Mdantsane Roads – Cluster 2	20,000	27,642	24,210	17%	97,642
Upgrading of Mdantsane Roads – Cluster 3	20,000	27,076	23,746	16%	97,076
KWT Roads	23,000	21,073	19,545	-18%	93,073
KWT Roads – Ward 37	15,000	12,551	11,933	-26%	52,551
KWT Roads – Ward 39	–	2,297	2,192	100%	7,297
Rehabilitation of BCMM Bridges and Stormwater	8,000	6,225	5,420	-48%	28,225
Roads Provision – Replacing Existing Infrastructure	80,000	80,000	9,413	-750%	260,000
Procurement of Graders for Rural Roads – Yellow Fleet	5,000	5,018	5,018	0%	10,018
Integrated City Development Grant	6,956	6,956	6,956	0%	30,512

T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Roads Branch performed satisfactorily within the constrained environment. Of the 3 Service Delivery Budget Implementation Plan (SDBIP) targets set for the financial year, all were met, which includes the Kilometres of Roads maintained, kilometres of new roads constructed, and Kilometres of gravel roads rehabilitated.

Rollover roads provision

Two of the Three IDP targets set for the 2017/2018 financial year were achieved within the allocated budget and with the available resources namely Fleet St, and Gonubie Link Road (Quenera Drive).

The Gonubie Link Road (Quenera Drive) project expended 100% of the Allocated budget of R 45 355 415.00, While the Fleet Street Project spent R 43 979 970.00 of the R 56 645 854.00 which equates to 78% of the budget. Section T.3.7.6 tabulates this achievement. The Roads branch experienced a challenge in the delivery of services specifically under the roads provision, and maintenance of Gravel roads in the Metro due to procurement delays for the appointment of service providers.

80% of the allocated Capital and operating budget was spent over the 2017/2018 financial year.

The roads branch currently had 3 major projects being undertaken, namely the Gonubie Link Road (Quenera Drive), Mdantsane Roads Upgrade and Rehabilitation of Fleet Street. The Fleet street project is due to be completed in the 2018/2019 financial year, however the Gonubie Link Road Project, and Mdantsane Roads project, are multiyear, multi-phase projects which are focused on achieving the long-term goal of surfacing all the Roads in Mdantsane and Creating another arterial road link to Gonubie.

Fleet Street: Contract value: R 128 300 699.87 including VAT

The project was 80% Complete by June 2018 and work is anticipated to be completed by November 2018. The contract value is R 128 300 699.87 including Vat. The project was prioritised due to the high traffic volumes, and condition of the road. Fleet Street is a major link between the West Bank Industrial area, Airport, IDZ and the residential/ business areas in the city. It is also a major link between the R72 from Port Elizabeth and the N2 Highway. There is a large number of trucks that make use of Fleet Street, due to transportation routes, and the harbour container terminal on the East Bank transporting containers to the West Bank Industrial area.

Mdantsane Roads Upgrade:

In June 2016, BCMM appointed Gorogang Plant Hire, Down Touch Investment and Nyoni Projects as the Contractor to undertake the construction of Upgrading of Mdanstane Roads Cluster 1 Phase 3 (20Km) for a period of 24 months. Down Touch has completed their cluster, Gorogang experienced cashflow problems during 2017, and subsequently have not achieve their due completion date of 15 July 2018. Based on their current performance on site, it is anticipated that they will take an additional 6 months to complete, with the revised completion date being 07 December 2018. Nyoni Projects was placed under business rescue during the middle of the construction period, and subsequently liquidated. The contract was terminated in December 2017 due performance and BCMM called for performance guarantees of R12, 7 Million which was later paid by the Hollard. In May 2018, BCMM then appointed Down Touch Construction to complete the works.

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.

Gonubie Link Road Quenera Drive:

The Gonubie Link Road – Quenera Drive, Phase 2 contract value was R70 736 854.08 including VAT and by the end of June 2018 the progress was 65% complete.

This project was identified for two main reasons, the first of which being the expansion of the City. The area between the Suburbs of Beacon Bay and Gonubie was identified through the Local Spatial Development Framework (LSDF) to have the potential for the development of the city. Parcels of land have been identified for mixed residential developments, Business and other uses. The construction of the link road meant to stimulate development in the area, both public and private.

The secondary purpose of the road identification was to provide a critical second access to the suburb of Gonubie. It provides a link between Gonubie and Beacon Bay, which will alleviate traffic congestion on Gonubie Main Road.

The construction of Phase 1 of the Gonubie Link Road (Quenera Drive) has been proven to stimulate development, with the construction of Ascot Park, Life Beacon Bay, Breezy Slopes office park, Triple point offices and residential, as well as the Daily Dispatch office that have all been constructed along the Phase 1 road corridor.

The roads branch has engaged with the Department of Roads & Public Works (DRPW) regarding the maintenance and upgrade of provincial roads within the Metro. There is a number of roads that have a significant impact on the residents of the city, that are in dire need of maintenance and upgrade, which the provincial roads department is not able to attend to due to limited resources and budget. The roads which are a Priority to BCMM may not necessarily be a priority for the province. BCMM has signed Memorandum of Agreement (MOA) for the maintenance of Provincial roads within BCMM. DRPW must sign from their side.

Subsequent to the 2016 local government elections, an additional 28 villages were inherited by BCMM. This increased the extent of the gravel roads network significantly. Most of the roads are in a poor condition and a significant capital investment is required to bring the roads to an acceptable level of service. PMS assessment.

T 3.7.10

3.7. B BCMM MECHANICAL WORKSHOP AND FLEET

INTRODUCTION TO BCMM MECHANICAL WORKSHOP, PLANT AND FLEET SERVICES

Mechanical workshop, Plant and Fleet services provides centralized quality, cost effective, efficient, integrated and ensures compliance with the National Road Traffic Act, health and safety of vehicles and plant to BCMM Directorates at large.

The Department's achieves the above goals through preserving the value of vehicles & equipment investments by applying the best practice of management for the maximum utilization of plant and vehicles with the following strategies (1) minimizing downtime, (2) right-sizing of the fleet, (3) replacing old fleet, amongst others. The process starts with collecting & analyzing needs from the departments so that an intelligent fleet management decision can be made, which will assist service delivery departments to achieve their mandate in line with the set service delivery targets.

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

The main responsibilities are as follows:

- Repairs and Maintenance of the Existing fleet
- Conduct fleet needs assessment; Recommend for disposal obsolete fleet
- Purchasing of Fleet; Monitoring of Fleet; Adminstrating, registering and licensing of Fleet; Outsourcing of specialized mechanical services;
- Ensuring effective and efficient service delivery by minimizing vehicle downtime and ensuring that vehicles are in a road worthy condition

3.7. B 2 Major successes achieved in year 2017/18.

- Procurement of 20 Compactor trucks for Solid Waste departments; 10 allocated to Coastal, 5 each to Midlands and Inland
- Procurement of 20 4 Ton crew cab trucks for Waterworks, Electricity and Solid Waste departments.
- Procurement of 8 Water Tankers for Waterworks; 2 allocated to Coastal; 3 each allocated to Midlands and Inland to relief
- Procurement of 6 Night Soil (Vacuum) Tankers for Sanitation; 5 allocated to Coastal and 1 allocated to Inland
- Procurement of 10 Cherry Picker (aerial platform) trucks for Electricity department.
- Procurement of 6 (4x4) double cabs to support Corporate Directorate for delivery of correspondence in rural areas
- Procurement of 15 (4x2) Double Cabs to support Sanitation and Building Maintenance departments.
- Procurement of 30 sedans to assist various departments

3.7 B3 Challenges Faced in Year (2017/2018)

- Budget shortfall to address request from the all various departments.
- Due to increased number of vehicles there is Inadequate workshop space
- Staff shortage due to moratorium on filling funded vacant posts
- A total of 161 units (vehicles, trucks, yellow plant, tractors and trailers) were absolute and therefore deregistered and sold on auction

3.7 B4 Remedial Actions (2017/2018)

- Budget is requested on budget adjustment to address the shortage of vehicles.
- A request for bigger piece of land to address space shortage is submitted to spatial planning and is sort to be addressed.
- Staff shortage is addressed by having new vehicles with maintenance plan for 120 000km or 5 years and repairs and maintenance contract for three-year period will assist as soon as it is finalized by the BEC.

3.7 B5 Service delivery priorities and the impact you have ad on them during 2016/17 financial year.

- Vehicle availability and reduced vehicle downtime target of 30% to less than 20%.
- Allocated budget was spent by 95%
- Supply of additional vehicles and replacing uneconomical vehicles.
- Supply loan vehicles to accommodate various needs of departments.

- A total of 161 units (vehicles, trucks, yellow plant, tractors and trailers) were absolute and therefore deregistered and sold on auction

3.7 B4 Service delivery priorities and the impact you have had on them during 2017/18

Financial year.

- Vehicle availability has reduced vehicle downtime target of 30 % to less than 20%.
- Allocated budget was spent by 95%
- Supplying of additional vehicles and replacing uneconomical vehicles
- Supply loan vehicles to accommodate various needs of departments

DOWN-TIME FOR THE MONTH OF JULY 2017 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

89 vehicles repaired or serviced for the month of **July** were

Number of days a vehicle spent at the Workshop for the month of July were: **247**

The average time = total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in July – $247/89 = 2.775$

Therefore:

Down-time = Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
 $= 2.775/ 20 \text{ days}$
 $= 0.13875 \times 100$
 $= 13.875\%$

DOWN-TIME FOR THE MONTH OF AUGUST 2017 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of August were: **120**

Number of days a vehicle spent at the Workshop for the month of August were: **260**

The average time = total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in August
 $= 260/120$
 $= 2.16$

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
 $2.16/20 \text{ days}$
 $= 0.108$
 $\times 100$
 $= 10.8\%$

DOWN-TIME FOR THE MONTH OF SEPTEMBER 2017 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of September were **70**

Number of days a vehicle spent at the Workshop for the month of September were: **44**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in September
= $44/70$
= 0.62

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
= $0.62/20$ days
= 0.031×100
= 3.14%

FINAL CALCULATION INDICATOR: % REDUCTION OF VEHICLE DOWNTIME QUARTER ONE

Therefore:

Average downtime

= July + August + September = 3 months
 $68.6\% + 10.8\% + 3.14\%$
= $82.54 / 3$
= 27.51%

DOWN-TIME FOR THE MONTH OF OCTOBER 2017 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of October were: **150**

Number of days a vehicle spent at the Workshop for the month of October were: **382**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in October
= $382/150$
= 2.54

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
= $2.54/20$ days
= 0.127
= 12.7%

DOWN-TIME FOR THE MONTH OF NOVEMBER 2017 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of November were: **118**

Number of days a vehicle spent at the Workshop for the month of November were: **199**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in November
= $199/118$
= 1.68

Therefore:

Down-time

= Average time spent by vehicles at Workshops Divide by number of days a vehicle must be operational (in a month)
= $1.68/20$ days
= 0.084
 $\times 100$
= 8.4%

DOWN-TIME FOR THE MONTH OF DECEMBER 2017 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of December were: **62**

Number of days a vehicle spent at the Workshop for the month of December were: **186**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in December
= $186/62$
= 3.00

Therefore:

Down-time

= Average time spent by vehicles at Workshops Divide by number of days a vehicle must be operational (in a month)
= $3/20$ days
= 0.15
 $\times 100$
= 15%

FINAL CALCULATION OF INDICATOR: % REDUCTION OF VEHICLE DOWNTIME QUARTER TWO

Therefore:

Average downtime =
October + November + December = 3 months
 $12.7\% + 8.4\% + 15\%$
= $36.1 / 3$
= 12.03%

DOWN-TIME FOR THE MONTH OF JANUARY 2018 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of January were: **115**

Number of days a vehicle spent at the Workshop for the month of January were: **338**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in January
= $338/115$
= 2.93

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
= $2.93/20$ days
= 0.14
X100
= 14.69%

DOWN-TIME FOR THE MONTH OF FEBRUARY 2018 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of February were: **91**

Number of days a vehicle spent at the Workshop for the month of February were: **232**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in February
= $232/91$
= 2.54

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
= $2.54/20$ days
= 0.127
X100
= 12.74%

DOWN-TIME FOR THE MONTH OF MARCH 2018 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of March were: **60**

Number of days a vehicle spent at the Workshop for the month of March were: **76**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in March
= $76/60$
= 1.26

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
= $1.26/20$ days
= 0.063
X100
= 6.33%

FINAL CALCULATION ON INDICATOR: % REDUCTION OF VEHICLE DOWNTIME QUARTER THREE

Therefore:

Average downtime

= January + February + March = 3 months
 $14.69\% + 12.74\% + 6.33\%$
= $33.76 / 3$
= 11.25%

DOWN-TIME FOR THE MONTH OF APRIL 2018 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of April were: **58**

Number of days a vehicle spent at the Workshop for the month of April were: **100**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in April
= $100/58$
= 1.72

Therefore:

Down-time

= Average time spent by vehicles at Workshops
Divide by number of days a vehicle must be operational (in a month)
= $1.72/20$ days
= 0.086
X100
= 8.60%

DOWN-TIME FOR THE MONTH OF MAY 2018 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of May were: **96**

Number of days a vehicle spent at the Workshop for the month of May were: **253**

The average time
= total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in May
= $253/96$
= 2.63

Therefore:

Down-time

= Average time spent by vehicles at Workshops
 Divide by number of days a vehicle must be operational (in a month)
 = $2.63/20$ days
 = $0.131 \times 100 = 13.17\%$

DOWN-TIME FOR THE MONTH OF JUNE 2018 HAS BEEN CALCULATED USING THE FOLLOWING FORMULA:

Number of vehicles repaired or serviced for the month of June were: **50**

Number of days a vehicle spent at the Workshop for the month of June were: **42**

The average time
 = total number of days spent by vehicles at Workshop divide by total number of vehicles repaired or serviced in June
 = $42/50$
 = 0.84

Therefore:

Down-time

= Average time spent by vehicles at Workshops
 Number of days a vehicle must be operational (in a month)
 = $0.84/20$ days
 0.042
 X 100
 = 4.2%

FINAL CALCULATION ON INDICATOR: % REDUCTION OF VEHICLE DOWNTIME QUARTER FOUR

Therefore:

Average downtime

= April + May + June = 3 months
 $8.6\% + 13.17\% + 4.2\%$
 = $25.97/3$
 = 8.65%

MUNICIPAL FLEET DATA

MUNICIPAL FLEET DATA						
		YEAR 15/16	YEAR 16/17		YEAR 17/18	
NO	DETAILS	ACTUAL	ESTIMATED	ACTUAL	ESTIMATED	ACTUAL
1	SUV'S	2		2		6
2	LDV'S	591		643		614
3	Panel Vans	20		20		17
4	Mini Buses	15		25		24
5	Trucks (incl compactors)	245		245		287
6	Sedans	239		279		230
7	Buses	5		5		5
8	Mobile Libraries	2		2		2
9	Tractors	58		68		54
10	Fire Vehicles	26		26		23
11	Trailers	132		132		134
12	Yellow Plant	39		48		45

OBJECTIVES TAKEN FROM IDP

Service Objective	Outline Service Targets	15/16		16/17		17/18		18/19	
Previous Year		Target	Actual	Target	Actual	Target	Actual	Target	Actual
			Previous Year	Current Year	Current year	Current Year	Current Year	Current Year	Current year
Extensive Investment and development of ar dentation networks	% reduction of vehicle downtime	30%	30%	30%	30%	30%	30%	30%	-

Employees: Mechanical Workshop and Fleet

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (full time equivalent)	Vacancies (as % of total posts)
0-3	8	10	10	0	0%
4-6	27	36	28	8	22%
7-9	13	24	16	8	33%
10-12	20	26	21	5	19%
13-15	1	2	0	2	100%
16-18	1	1	1	0	0%
19-20	1	1	1	0	0%
Total	71	100	77	23	23%

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

Financial Performance Mechanical Workshop and Fleet FR'000				
Details	2017/2018			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue				
Expenditure:				
Employees				
Repairs and Maintenance	2 291	2 291	2 262	-1%
Other	13 229	11 619	11 166	-18%
Total Operational Expenditure	15 520	13 909	13 427	-16%
Net Operational Expenditure	15 520	13 909	13 427	-16%

T 3.24.5

Net Expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variance are calculated by dividing between the Actual and Original Budget by the Actual.

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

3.8.1. INTRODUCTION TO TRANSPORT

The objective of the BCMM transport system is to provide easy access work, school, community services and recreational activities in a safe and secure environment. The modes of transport system consist of vehicles, buses, pedestrians, private vehicles and cycling. The municipality is in the process of developing an Integrated Public Transport Network Plan (IPTN) that would assist in identifying man public transport routes and related feeders.

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. The IPTN is scheduled to be completed during the first quarter of the 2018/19 financial year. The IPTN would be used to negotiate with affected operators to initiate the subsidised bus service operations from the 2020/2021 financial year.

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.
- 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).
- c) **Traffic Safety Plan** – reduce the number of severity of collisions & casualties within its area of operations.
- d) **Transport Register** – must provide 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 is to include 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.
- f) **Arterial Road Network Development Plan** – Transport Planning is a dynamic process, as forecasting future needs is dependent upon current priorities, planning and development. This Plan is used to assist in the formulation of an implementation programme for the next five years, and as a guide for planning in years beyond.
- g) **Public Transport Plan** – this plan assists the City in planning for public transport services and their various systems.
- h) **Business Plan & Operational Plan** – this plan assists the City in identifying whether it can operate viable public transport and also what are the costs associated with that system.

The Top 3 Priorities for the year under review include:

1) Accessibility

The construction of the Needs Camp/Potsdam Bridge is scheduled to be completed in the third quarter of the 2018/19 financial year. The bridge will provide much needed public transport link and reduce travel time between Mdantsane and East London.

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 three King William's Town Public Transport Facilities is ongoing from the 2017/18 financial year. The upgrading of the Taxi City Rank was completed in June 2018. The upgrading of the Market Square Bus Rank and Market Square Taxi Rank are scheduled to be completed by end September 2019.

- b) The upgrading of the Qumza Highway feeder route as part of the Integrated Public Transport System was also initiated and had to be restarted due to contractual challenges. The construction stage is anticipated to restart during the first quarter of the 2018/19 financial year.

3) Safety

- a) Installation of traffic signals at intersections will improve traffic flow during peak hours. Four intersections were installed with traffic signals.
- b) The municipality has ongoing programme for the construction of traffic calming measures to provide safety at pedestrian crossings and reduce speed within the internal roads in our community. Total of 87 speed humps have been constructed across the municipality.
- c) Construction of taxi/bus embayment is an annual ongoing programme in order to improve pedestrian safety, one embayment was constructed.

MAJOR SUCCESSES

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

1) Bridges

- a) The near completion of the Needs Camp Potsdam Bridge and associated roads works
- b) Block paved road leading to Needs Camp Potsdam Bridge
- c) Needs Camp Bridge Construction

2) Sidewalks

Completion of 3.0 km of concrete sidewalks in Mdantsane NU5 and Airport location.



3) Traffic Calming (Speed humps)

Completion of 18 traffic calming measures throughout the City



4) Guardrails

- No guard rails were installed due to contractual issues.

5) Traffic Signals

Completed the installation of traffic signals countdown timers at difference signalised intersections along Oxford Street.

6) Public Transport Infrastructure

Construction of the Upgrading of Public Transport Facilities in King William's Town (Market Square Bus/Taxi Rank and Taxi City Taxi Rank)

Completed Construction of 1 Taxi Embayment's in Mdantsane

Installation of Lighting at the Ginsberg Taxi Rank

PUBLIC TRANSPORT FACILITIES

- Construction of the Upgrading of Public Transport Facilities in King William's Town (Market Square Bus/Taxi Rank and Taxi City Taxi Rank)
- Completed Construction of 1 Taxi Embayment's in Mdantsane
- Installation of Lighting at the Ginsberg Taxi Rank



KWT Workshop Facility



Taxi City Loading Island



Taxi Embayment

The City has the following public transport operators:

THE TAXI INDUSTRY

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

BUS OPERATORS

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

THE PRASA RAIL SERVICE

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

EAST LONDON AIRPORT

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

MUNICIPAL BUS SERVICE

BCM 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 by scholars. The city undertook a section 78 study that will advise the city on the best way of operating the Bus Services and the report of the study is currently in the process of being sent to council for approval.

MOUNT RUTH NODE

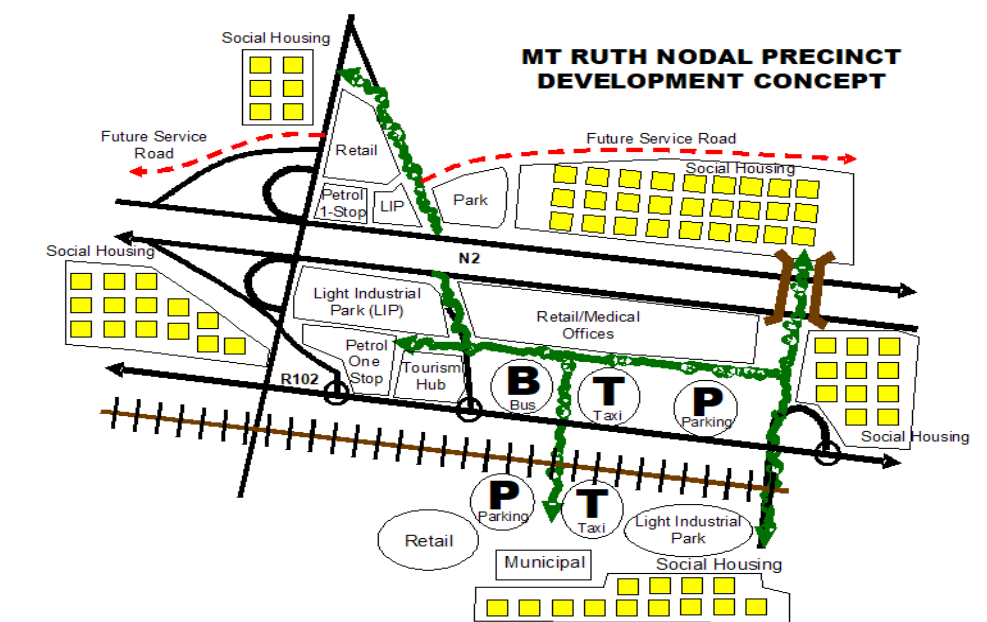
Mount Ruth was specifically identified in the MELD Corridor study, as an area with very high potential for development as a mixed land use node, based on its proximity to the rail line and station, its direct connection with the Mdantsane CBD as well as its potential linkages with the N2 and N6 Freeway 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.

Various options for the freeway interchange were previously assessed in terms of their operational characteristics and benefits as well as implementation costs. It is also proposed to link Toyana Road with the R102 Road across the rail line to provide additional linkages between Mdantsane to the south east and the Newlands area via Mount Ruth.

The proposed road improvements to support development of the Mount Ruth Node were described as “Key Strategy” in the Mount Ruth Nodal Precinct Development Plan. The City highlighted the importance of the interchange as it would provide connectivity to Cecilia Makiwane hospital, the N6 Road and furthermore provide a third connection into the Mdantsane area. After deliberations, SANRAL supported the construction of the interchange. A Memorandum of Understanding is currently being discussed between the two parties regarding this project.



T 3.8.1

Municipal Bus Service Data					
	Details	2016 / 2017	2017 / 2018		2018 / 2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Passenger journeys	6	6	6	6
2	Seats available for all journeys	243	243	243	243
3	Average Unused Bus Capacity for all journeys	40%	40%	50%	50%
4	Size of bus fleet at year end	5	5	5	5
5	Average number of Buses off the road at any one time	1	1	1	1
6	Proportion of the fleet off road at any one time	16%	16%	16%	16%
7	No. of Bus journeys scheduled	8	8	8	8
8	No. of journeys cancelled	0	1	1	1
9	Proportion of journeys cancelled	0	12.5%	12.5%	12.5%

T 3.8.2

Concerning T 3.8.2

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

T3.8.2.1

Transport Service Policy Objectives Taken From IDP										
Service Objectives	Service-Indicators	2016 / 2017			2017 / 2018			2018 / 2019		
		Target	Actual		*Previous Year	*Current Year	Actual	*Current Year	Target	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Service Objective xxx										
Extensive investment and development of infrastructure networks	70% for Kwatshatshu / Qalashe	0	0	0	1	0	0	0	0	0
	% towards the Construction of Needscamp / Postdam Bridge	0	0	0	1	0	1	100	0	0
	Number of speedhumps constructed	30	60	30	45	18	32	60	30	30
	Km of sidewalks constructed	2	2	2	3	3	3	11	5	5
	Number of Taxi/Bus Embayments Constructed	6	6	6	8	8	5	5	5	5
	Number of public transport facilities rehabilitated	2	2	2	1	1	2	1	1	1
										T 3.8.3

Employees: Transport Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	6	6	6	0	0%
4 – 6	7	8	7	1	12.50%
7 – 9	13	24	11	13	54.17%
10 – 12	7	7	7	0	0%
13 – 15	3	3	2	1	33.33%
16 – 18	3	4	3	1	25%
19 – 20	1	1	1	0	0%
Total	40	53	37	16	30.19%

T3.8.4

Financial Performance Year 2017/18: Transport Services					
R'000					
Details	2016/2017	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	675	9,755	4,755	600	-1525%
Expenditure:					
Employees	17,110	22,003	18,571	18,895	-16%
Repairs and Maintenance	2,705	5,513	2,167	1,988	-186%
Other	4,953	20,430	48,851	64,275	-229%
Total Operational Expenditure	24,767	47,945	69,590	85,158	44%
Net Operational Expenditure	24,092	38,190	64,834	84,557	55%

T 3.8.5

Capital Expenditure 2017/2018: Transport Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	147 017	184 393	115 225	-28%	
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	1 804	765	35%	1 500
ROADS	9 000	3 575	3 130	-188%	45 900
ROADS FURN 10% - BUDGET OVER ALL 3 YEARS	1 000	–	–	0%	5 100
ROADS – 50%	–	1 500	–	0%	1 500
ROADS FURNITURE – 20%	–	600	–	0%	600
ROADS FURNITURE – 20%	600	–	–	0%	24 000
ROADS – 50%	1 500	–	–	0%	60 000
ROADS STRUCTURE – 30%	900	–	–	0%	900
ROADS STRUCTURE – 30%	–	900	–	0%	36 000
TRANSPORT REGISTER C/O	–	2 826	1 328	100%	2 826
MDANTSANE ACCESS ROAD	2 167	–	–	0%	50 667
QUMZA HIGHWAY PHASE 7 – PHASE 1	46 000	45 999	5 518	-734%	137 882
UPGRADING OF QUMZA HIGHWAY C/O	–	30 289	30 146	100%	30 289
TAXI/BUS EMBAYMENTS	300	293	257	-17%	5 800
TAXI RANK INFRAST (ROADS & ABLUTION FAC)	300	207	181	-66%	13 800
BRIDGE DESIGNS & IMPLEMENTATION	2 250	–	–	0%	18 250
SIDEWALKS	4 000	–	–	0%	16 500
GUARDRAILS	300	–	–	0%	2 100
GUIDANCE SIGNAGE	200	–	–	0%	600
TRAFFIC CALMING	1 200	4 067	3 557	66%	3 400
TRAFFIC SIGNALS	800	1 476	1 279	37%	1 900
MARKET SQUARE BUS RANK	8 000	8 000	7 419	-8%	10 000
MARKET SQUARE TAXI RANK	12 000	11 200	5 502	-118%	58 500
TAXI CITY TAXI RANK	20 000	20 000	18 508	-8%	51 500
NEEDS CAMP POTSDAM BRIDGE	35 000	41 523	36 654	5%	50 000
KWA TSHATSHU PEDESTRIAN BRIDGE	1 000	1 097	981	-2%	18 000
QUMZA HIGHWAY PHASE 7 – PHASE 2	–	–	–	0%	163 530
R000006_MDANTSANE URBAN RENEWAL – MOUNT RUTH NODE C/O	–	9 036	–	0%	9 036
					<i>T 3.8.6</i>

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

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

- Construction and completion of the **Kwa Tshatshu/Qalashe Pedestrian Bridge**.
- Construction of Traffic Engineering Safety Measures** in the form of speed humps, sidewalks and taxi / bus embayment's is ongoing according to the plan.
- Construction of the Needs Camp / Potsdam Bridge** to the value of R 80m has commenced and is scheduled to be completed over an 18-month period. The bridge, once completed, would link the Needs Camp and the Potsdam area, shortening the travel time between these two areas, resulting in cheaper transportation costs.
- Refurbishment of the King William's Town Public Transport Services** began in the 2016/17 financial year and the taxi City Taxi rank was completed in June 2018 and only testing and occupational certificates are being awaited.

The sleeper site road project will open up development within the sleeper site and construction is expected to start in November 2018. The implementation stage for all the projects commenced later than was anticipated resulting in late expenditure / minimum expenditure. Early procurement is planned for future projects in order to avoid the delays.

T 3.8.7

3.9 WASTE WATER (STORM WATER DRAINAGE)

Introduction to Storm Water Drainage

Stormwater drainage plays a critical role in the operation, environment and safety of a city. Rainfall, and the effects of stormwater drainage can be far reaching and devastating to a city in a very short period of time. It is critical that there is adequate provision and measures in place should this unenviable situation occur.

The effects of Global Warming have had a profound impact on weather patterns, and South Africa, and East London are no exception. The historical data on rainfall patterns no longer give an accurate representation of the expected rainfall for the future. There is a period of extended drought, followed by periods of intense rainfall. The drought in the Western Cape and Parts of the Eastern Cape bear testimony to that. Cape Town had no significant rainfall for in excess of a year, while Nelson Mandela Bay is still deep in the grips of a drought. When the rains finally do come, it can have a dramatic impact, effectively shutting down a city, causing wide spread chaos and destruction.

The erratic weather patterns, increased rainfall intensities and durations currently being experienced. The Global Warming phenomenon has led to an increase in the occurrence of flooding throughout the city necessitating the installation of additional storm water drainage measures such as attenuation facilities.

The stormwater unit falls under the Roads and Stormwater branch. The stormwater unit is mandated to carry out all repairs, maintenance and upgrade of all the BCMM owned road stormwater drainage, and associated structures, along with all bridges, culverts and concrete lined drains that fall under the control of the Municipality. The existing infrastructure consists of ±70 Bridge Structures, ±20 300 manholes, kerb inlets, headwalls and other inlet and outlet structures within BCMM many of which are damaged or blocked. There is in excess of 600km of storm water pipes and culverts within the Metro, many of which are very old, and corroded and in need of replacement.

There is a number of low lying areas within the city that are subject to regular flooding due to the existing infrastructure either being old and damaged, or inadequate due to the densification and development in the area. With the increase in roof area, and paved areas for parking comes an increase in stormwater runoff. This increases the volume of stormwater runoff, as there is no penetration into the ground, and the time it takes for the water to runoff is shortened due to the fact that hardened surfaces shed water much faster than grassed or landscaped areas. These areas have been identified for rehabilitation and upgrade, along with the CBD areas of East London, King William's Town and Mdantsane for improvements to reduce the risk of flooding and prevent the ingress of Solid Waste into the stormwater system.

The possibility of constructing regional attenuation facilities to reduce the pressure on the existing downstream stormwater systems is being investigated, as it is not always possible to upgrade the stormwater

system, and can be very expensive due to the fact that there is usually a lot of existing infrastructure, and it is usually a long distance to the outlet point in built up areas.

Informal areas are particularly prone to flooding due to the fact that every piece of available land is used for constructing shelters, and this is often in low lying / catchment areas, or over existing stormwater systems. During heavy rainfall, this puts pressure on the system and can lead to flash floods with sudden and dangerous failures. Solid waste collection in these areas is difficult due to challenges with access and lack of structure. As a result, it is not uncommon to find stormwater infrastructure being used as a solid waste dump and sewerage disposal points.

Attending to these challenges requires a multi-disciplinary approach as input is required from disaster management, community services and housing in order to address the social and economic issues. The stormwater branch assists by undertaking regular clearing of the existing stormwater drainage in the area and undertaking upgrades where necessary in order to prevent flooding of the informal areas. This exercise does however use up valuable resources that are unable to attend to other areas due to them having to perform solid waste functions to keep the stormwater clear. Informal dwellings are often located within the 1:100 flood plain areas along rivers and streams, and this poses a significant danger as floods can happen very quickly and can lead to the loss of life.

There is a significant backlog in the maintenance and upgrade of the existing stormwater drainage systems in the city. An additional amount of R 20 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.

Improvements made in the delivery of services include replacement of damaged pipes, the reconstruction of damaged kerb inlets and manholes. As well as replacing of undersized drainage infrastructure by increasing the capacity of the existing stormwater pipes, clearing drainage in informal areas and improvements to existing drainage infrastructure.

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

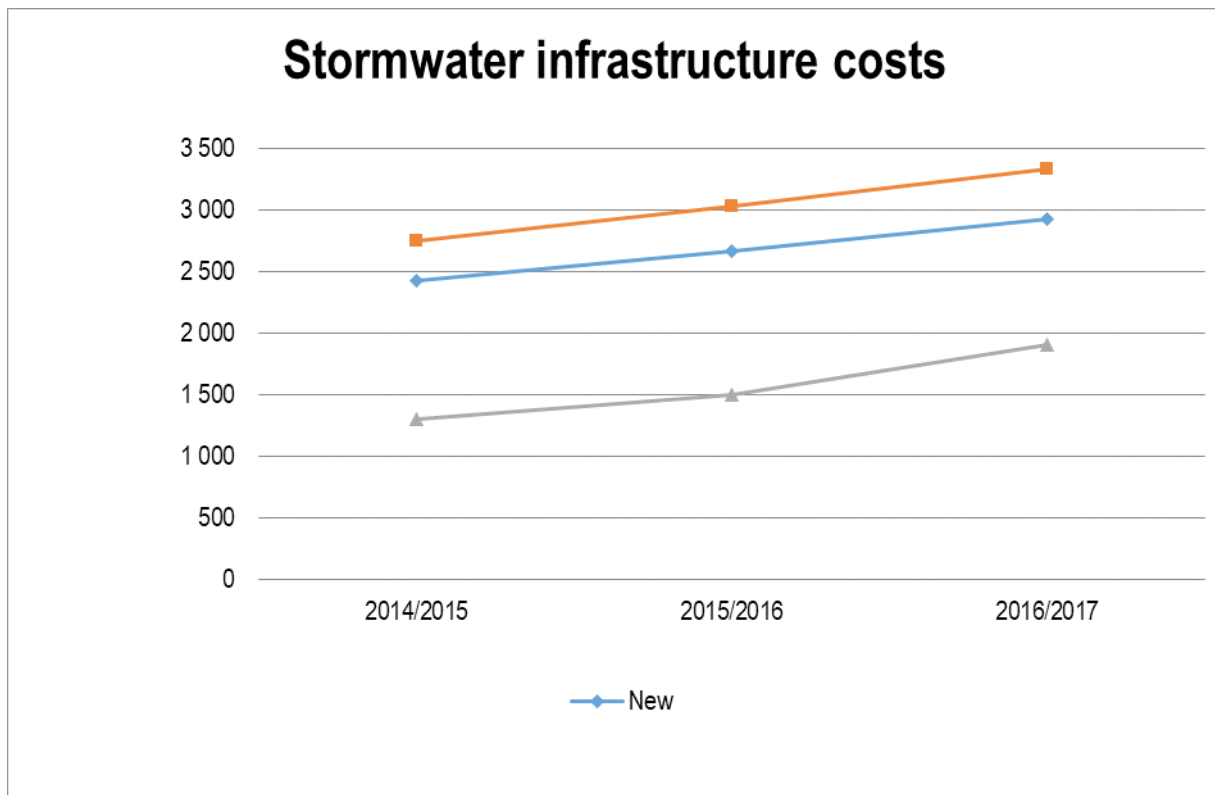
T 3.9.1

Stormwater Infrastructure				
Kilometres				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2014/2015	550	37	14	140
2015/2016	587	15	15	175
2016/2017	602	16	14	196

T 3.9.2

Cost of Construction/Maintenance			
R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2014/2015	2 420	2 750	1 300
2015/2016	2 662	3 025	1 500
2016/2017	2 928	3 328	1 900

T 3.9.3



T 3.9.4

Stormwater Policy Objectives Taken From IDP									
Outline Service Targets	Year -15/16		Year 16/17		Actual	Year 17/18		Year 18/19	
	Target	Actual	Target	Actual		Target	Actual	Target	Actual
	*Previous Year		*Previous Year			*Current Year		*Current Year	*Following Year
(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Number of existing BCMM Bridges rehabilitated	3	3	3	3	3	3	3	3	3
Kilometers of stormwater drainage installed	20	10	15,45	10	-	-	-	-	-
									73,9,5

Employees: Storm water Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	10	7	4	3	42.86%
4 – 6	4	1	0	1	100%
7 – 9	0	1	1	0	0%
10 – 12	0	2	2	0	0%
13 – 15	0	1	1	0	0%
16 – 18	1	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	15	12	8	4	33.33%
T3.9.6					

Financial Performance: 2017/2018: Stormwater Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	14010	15411	15411	9103	-41%
Total Operational Expenditure	14135	15655	15661	9351	-67%
Net Operational Expenditure	14015	15530	15561	9256	-68%
T 3.9.7					

Capital Expenditure 2017/2018: Stormwater Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8000	6224	5420	-32,25%	
Rehabilitation of BCMM Bridges and Stormwater	8000	6224	5420	-32,25%	20000
T 3.9.8					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The stormwater function has achieved the annual target of refurbishing three bridges in the 2017/18 financial year, coupled with maintenance of existing open channels in the hot spots and low points of the entire city. The projects which are at planning stage include the Westdrive bridge upgrade in King William's Town, wherein a consultant was still in the procurement process with implementation planned for 2018/19. For these reasons, a budget of R5 million was to be rolled-over.

The stormwater unit's annual capital requirements are:

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

New unit is in the organogram of the Roads Department, but it is not fully resourced with staff and equipment pending funding availability to fully set up this unit. Currently only two staff members are employed in the unit. These focus on maintenance planning and inspections in the events of queries and emergencies. A limited capacity in ward-based locals that are provided per ward to assist in clearing of open drains and inlets, is present though it is also threatened by budget security.

The intention is to develop regional maintenance teams essential in ensuring that the existing stormwater drainage system is functioning effectively and performing its primary function of protecting the public and road users from the dangers that excessive stormwater ponding and flooding can cause.

The roll-over of R5 000 000.00 is also awaiting approval by National Treasury. The current backlog in storm water maintenance and upgrades is estimated at an amount of R 25 000 000.00 per annum. Over the years between capital and operating budget the BCMM is gradually beginning to provide more funding each year that progresses and this is evident that this challenge will be overcome in the short-term future.

Funding for stormwater infrastructure upgrade is also included in the mega projects such as Mdantsane Upgrade Clusters, Fleet Street upgrade, Qumza Highway Upgrade, etc. This recapitalisation helps reduce the burden on the Unit. Except for Climate Change effects, all these foreseen challenges are receiving attention

T3.9.9

COMPONENT C:

PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Spatial transformation is one of the notable imperatives recognised by the Buffalo City Metropolitan Municipality to achieve its growth and development objectives. The City acknowledges that spatial restructuring is necessary to transform its urban built environment to impact positively on creating zones of accelerated investment and opportunities for local economic development to grow the economy and create jobs. The City's approach has been that of expressing a clear position on how spatial transformation needs to look and manifest physically to realise both the tangible and intangible outcomes desired. A commitment to purposeful action has been identified as a key driver towards the ideal future of a transformed spatial form and proliferation of developments for growth. In support of this visionary transformation agenda that seeks to rid the challenges of apartheid geography, the City focused on the containment of an orderly built environment and proper land use management. The transformative interventions instituted seek to ensure that illegal land uses and developments that go against the City's building standards and the consolidated BCMM Town Planning Scheme are rooted out.

The BCMM Spatial Development Framework SDF identified the following broad spatial development constraints, opportunities and problems:

Constraints

- 1) **Environmental** – areas of sensitivity/slopes/rivers and watercourses (flood lines); coastal zone; designated and proposed Protected Areas (including high priority conservation areas as identified on the Municipal Open Space and Conservation Plan and critical biodiversity areas identified by the Eastern Cape Biodiversity Conservation Plan.
- 2) **Prime and Unique agricultural land** – land that has specific identified potential, either for cultivation or stock farming. This land should, ideally, be reserved for farming and thus limits where urban development should be allowed.
- 3) **Controlled/Restricted Areas** regulations governing the establishment of different forms of development within proximity to infrastructure facilities, such as:

- a) Airports.
- b) Solid Waste Disposal Sites, recycling areas and waste transfer stations.
- c) Waste Water Treatment Works (WWTWs).
- d) Quarries.
- e) Cemeteries.

Problems

- 1) **Limited infrastructure capacity** – this limits capacity for spatial and economic growth; and makes the choice of spatial growth directions critical to ensure that planning and implementation actions are aligned, and additional capacity is programmed appropriately. In addition, the issues relating to the Level of Service (LOS) to be provided by the Municipality in various localities are important to resolve. For the purposes of the current Spatial Development Framework, infrastructure networks' current and potential capacities, balanced against the capital and operational expenditure requirements of extension and maintenance, indicate where an urban core LOS is possible and where lower LOS will be required. This is key in determining the feasible extent of urban development within the time frame of the Spatial Development Framework, the outer limit of which is identified as the Urban Edge.
- 2) **Housing backlog** – the identified housing backlog of some 25,000 units (2013), plus an estimated 20-year need of around 42,000 units (or total 20-year Need plus Backlog of around 67,000 Units) will be a major factor in the development dynamics that will play themselves out in Buffalo City over the long-term (present to twenty-year horizon). From a spatial perspective, this represents one of the largest land use requirements (an estimated need of some 1 675 ha, if an assumption is made that the average density to be aimed at, for housing developments in general, is 40 dwelling units per ha, going forward). However, developing adequate housing to meet the spectrum of needs will also pose a significant challenge to the Metropolitan Municipality's ability to develop the required supportive infrastructure.
- 3) **The prevailing norm of developing low-density housing** allied with the current policy on housing, limits opportunities for innovative housing forms and increased density. There is a need for assisted housing and innovative tenure arrangements at densities that can support the expansion and diversification of the urban economy, as well as the provision of public and social goods, including public transport. The latter becomes economically viable at a gross density of 40 dwelling units per ha for areas serviced; this emphasis on viability and sustainability of urban form, versus the provision of public goods and services is a critical issue for the foreseeable future.
- 4) **Historically low economic growth** and poor labour absorption means low levels of affordability (no disposable income) that, in turn, means that urban form is of poor quality. There is a consequent need to ensure that cost effective development takes place, which is affordable to the user and the municipality. Spatial strategies must work to make BC a better place with greater access to opportunities for the poor.

Also, low economic growth allied with the unique/characteristic feature of Buffalo City Metropolitan of having urban components (East London and King William's Town) that perform the roles of both secondary city and a major rural service centre to surrounding communities and commuting rural dwellers who choose to remain in "traditional" settlements, but need to seek opportunities in urban environment, has

some unique consequences. Principally, **insecurity of opportunities** (jobs come and go) means that permanence is a difficult option to choose for many. This inclines people towards making less formal choices. Only a select few have steady jobs and incomes that would allow them to enter into accommodation arrangements that entail cost and permanence. In turn, this phenomenon results in a range of survival strategies for residents in and around the Buffalo City Metropolitan area; the most visible of which are the informal settlements that persist and increase in harsh conditions in well-located areas such as Duncan Village in East London.

Finally, the **multiplicity of Land Tenure** forms and related land management and land planning legislation across the geographic extent of Buffalo City Metropolitan, hampers an integrated and sustainable approach to spatial development. This is a general problem across Buffalo City Metropolitan, but perhaps is most apparent in the rural settlement areas of the former Ciskei. In essence, the complexity of land-related legislation and the overlapping layers of land tenure and informal land rights have come to be seen as a barrier to development. Moreover, in some instances, communities residing in areas where overlapping forms of tenure prevails with lack of security of tenure, sometimes results in the dynamism of settlement and population movements evident in the Buffalo City Metropolitan area.

Opportunities

- 1) **Land available for infill development** – to consolidate the urban fabric and overcome the fragmented pattern of development. This also offers opportunities for integration; bringing people closer to opportunities and the creation of more work – live environments etc.
- 2) **Vacant land** – available for urban development in various localities near East London, King William's Town and Berlin. Over 11,000 ha identified as broadly suitable, which are sufficient to meet the needs beyond 2020.
- 3) **Prime and Unique agricultural land** – land offers opportunities for agricultural development.
- 4) Existing urban structure of East London and Greater King William's Town offers development opportunities – specifically, East London – Mdantsane transport routes have **development corridor potential**.
- 5) Also opportunities to enhance intensity and boost density of development at **important localities (nodes)** such as existing centres/CBDs, and areas where opportunities are evident.
- 6) Existing built areas offer opportunities to create areas of improved functioning in advantageous locations – **inner city urban renewal programmes** in Duncan Village, Southernwood and Quigney could be of huge benefit to the socio-spatial functioning of Buffalo City Metropolitan Municipality.
- 7) **Mdantsane Urban Renewal Programme** is an on-going initiative – this represents an opportunity to leverage funds to consolidate the built fabric in existing Mdantsane and Potsdam areas and immediate surrounds.
- 8) **Rural development areas** – planning has already taken place in rural areas (through the Amathole District Municipality Land Reform & Settlement Plan) and this gives guidance. Other areas have also been identified for planning.
- 9) There is much potential for rural development and **land reform** (tenure reform – the reform of the commons approach etc.). This would, in the medium term, boost LED and livelihoods for the rural poor.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The Spatial Development Framework for Buffalo City Metropolitan Municipality was approved by the Buffalo City Metropolitan Council in 2013 and remains valid until the SDF is reviewed.

The SDF elaborates clear and detailed objectives and strategies for the management and direction of spatial development and land use management in the area according to proposed Spatial Development Frameworks and Land Use Management Guidelines, to be used to manage development in future in order to guide new investment to achieve the development vision set out in the BCMM IDP and the SDF. Such objectives and strategies are summarized as follows:-

- Implement the principles of Integrated Environment Management and identify resources (natural/biodiversity; social; economic; heritage and cultural; human capital; financial) and manage land use in valuable resource areas;
- Urban Edge and Land Use Management System as spatial management and investment guidance tools;
- Consolidate and integrate spatial development by developing land in proximity to public transport facilities and existing services;
- Implement a Land Reform and Settlement Programme by identifying zones of opportunity or integrated development in peri-urban and rural areas;
- Pro-actively manage land use and set appropriate levels of service to achieve sustainability in urban, peri-urban and rural areas.

Service Delivery Priorities

- a) Implementation of SPLUMA and its By Law
- b) Upgrading of Informal Settlements
- c) Formulation of Local Spatial Development Frameworks

SPATIAL DEVELOPMENT PLANNING OUTPUTS

During the 2017/2018 Financial Year the following projects in Development Planning were undertaken:

FORWARD PLANNING

Bonza Bay Road Local Spatial Development Framework Review:

Work on this project is nearly completed and a report will be taken to Council in the 2018/19FY. The objective of the plan is to update the land use policy proposals contained in the initial Bonza Bay Local Spatial Development Framework

Buffalo City Metropolitan Municipal Spatial Development Framework Review:

Work on the SDF Review commenced in March 2018. Inception Report has been submitted. The project is scheduled for completion in 2018/2019 FY. The Review will serve to update the Existing SDF approved by Council in 2013. Extensive stakeholder consultation will be undertaken as part of the review process.

Settlers Way Local Spatial Development Framework: Work on this project commenced in March 2018. Inception Report has been

submitted. The project is scheduled for completion in 2018/2019 FY. The Settlers Way Local Spatial Development Framework will identify land use policy for the expansion of the Settlers Way Business node and also identify vacant Municipal and state-owned land for development.

SETTLEMENT PLANNING

The following Settlement projects for the Establishment of Townships where approved or commenced in the financial year:

Empilisweni

- BCMM resolved to support and recommend the application to COGTA, the application has been submitted to MEC responsible for COGTA for final approval.
- COGTA has reported that they are waiting for the date and venue of the next Land Use Planning Board Meeting to be set.

Khayelitsha

- BCMM resolved to support and recommend the application to COGTA, the application has been submitted to MEC responsible for COGTA for final approval.
- COGTA has reported that they are waiting for the date and venue of the next Land Use Planning Board Meeting to be set.

Matsheni Park

- BCMM resolved to support and recommend the application to, the application has been submitted to MEC responsible for COGTA for final approval.
- COGTA has reported that they are waiting for the date and venue of the next Land Use Planning Board Meeting to be set.

Z Soga 2

- BCMM resolved to support and recommend the application to, the application has been submitted to MEC responsible for COGTA for final approval.
- COGTA has reported that they are waiting for the date and venue of the next Land Use Planning Board Meeting to be set.

Hani Park

- BCMM resolved to support and recommend the application to COGTA, the application has been submitted to MEC responsible for COGTA for final approval.
- COGTA has reported that they are waiting for the date and venue of the next Land Use Planning Board Meeting to be set.

Phola Park

- BCMM resolved to support and recommend the application to COGTA, the application has been submitted to MEC responsible for COGTA for final approval.
- COGTA has reported that they are waiting for the date and venue of the next Land Use Planning Board Meeting to be set.

Z Soga 1

The report has been prepared and submitted to be tabled at the October Planning Standing Committee. (It must be noted that the report was submitted with outstanding comments from some directorates).

Hlalani

BCMM resolved to support and recommend the application to COGTA, the application has been approved by COGTA, survey to proceed.

Berlin / Lingelitsha Phase I

BCMM resolved to approve the application, survey to proceed.

Berlin / Lingelitsha Phase II

BCMM resolved to approve the application, survey to proceed.

Kwatshatshu

- DEADET has approved the project, however Nation Heritage Resource Council maintained a need to do phase one of Heritage Impact Assessment.**
- BAR is anticipated to be completed with feedback from Heritage Council by the end of September 2018.
- Service provider appointed on 27 July 2018 and the service provider is expected to finish the **Traffic Impact Study within 60 days.**

Xhwithinja

- Draft BAR was submitted to DEDEAT for authorization
- Service provider appointed on 27 July 2018 and the service provider is expected to finish the **Traffic Impact Study** within 60days.
- Property Management** is currently liaising with the **Department of Rural Development and Land Reform** seeking land donation to establish the township.

Ginsberg

- Service provider to conduct a **Basic Assessment Report** for the three (3) sites appointed on 8 July 2018.
- Service provider appointed on 27 July 2018 and the service provider is expected to finish the **Traffic Impact Study** within 60days.

Boxwood

BCMM resolved to approve the application and the letter of approval has been sent to the applicant.

Mzamomhle Phase III

BCMM resolved to approve the application. The letter of approval has been issued to the applicant and further forwarded to Geomatics to proceed with the survey thereof.

Ilitha Erf 934

BCMM resolved to support and recommend the application to COGTA, the application has been submitted to MEC responsible for COGTA for final approval.

FEASIBILITY STUDIES

1) Smiling Valley

The feasibility study has commenced, and a draft feasibility study has been finalized. The draft is currently being circulated to internal departments for their comments.

2) Nompumelelo

The feasibility study has commenced, and a pre-feasibility study has been submitted. The department is currently going through the submission.

T 3.10.1

LAND USE MANAGEMENT (LUMS)

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Planning application received	7	8	66	80	2313	2085
Determination made in year of receipt	4	5	8	4	1868	1928
Determination made in following year	3	2	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	3	6	58	76	445	181
						<i>T 3.10.2</i>

Planning Policy Objectives Taken From IDP										
Service Objectives		14/15		15/16		16/17		18/19		
Outline Service Targets		Target	Actual	Target	Actual	Target		Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Current Year		*Current Year		*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)		(ix)		(x)
Service Objective xxx										
Determine planning application within a reasonable timescale	Approval or rejection of all build environment applications within a x weeks	Determination within x weeks	Determination within x weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within x weeks		Determination within 8 weeks		Determination within 8 weeks
	Reduction in planning decisions overturned	X planning decisions overturned	X planning decisions overturned	5% planning decisions overturned	5% planning decisions overturned	X planning decisions overturned		No planning decisions overturned		No planning decisions overturned
	Approval or rejection of all build environment applications within a x weeks (plans below 500 square metres)	14 days	21 days	14 days	14 days	21 days		10 days		10 days
	Approval or rejection of all build environment applications within a x weeks (plans above 500 square metres)	45 days	60 days	45 days	45 days	60 days		30 days		30 days
										T 3.10.3

Employees: Planning Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	42	44	40	4	9.09%
4 – 6	14	19	14	5	26.32%
7 – 9	12	15	12	3	20%
10 – 12	62	64	56	8	12.50%
13 – 15	10	15	11	4	26.67%
16 – 18	2	3	2	1	33.33%
19 – 20	2	3	1	2	66.67%
Total	144	163	136	27	16.56%

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Financial Performance 2017/2018: Planning Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11,913	16,031	16,031	16,897	5%
Expenditure:					
Employees	40,217	47,127	40,062	41,854	-13%
Repairs and Maintenance	135	446	368	102	-338%
Other	44,860	6,141	6,109	3,754	-64%
Total Operational Expenditure	85,212	53,714	46,539	45,710	-18%
Net Operational Expenditure	73,299	37,683	30,508	28,813	-31%

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Capital Expenditure 2017/2018: Planning Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	47,604	17,900	6,209	-667%	
WATERWORLD	25,000	–	–	0%	25,000
SURVEY EQUIPMENT AND SOFTWARE PACKAGES	–	1,500	115	100%	1,500
FEASIBILITY STUDY FOR MUNIFIN N& ENG	–	400	145	100%	400
AERIAL AND OBLIQUE PHOTOGRAPHY	4,104	–	–	0%	–
DIGITAL TERRAIN MODEL(DTM)	–	1,000	282	100%	1,000
UPGRADING OF LIFTS FOR BCMM BUILDINGS	4,500	4,500	1,012	-345%	7,500
SCM INVENTORY WAREHOUSING AND FENCING	10,000	6,500	3,353	-198%	10,000
KING WILLIAMS TOWN PAYMENTS HALL	4,000	4,000	1,302	-207%	4,000
					T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The actions that have been undertaken to comply with the requirements for the implementation of the Spatial Planning and Land Use Management Act 16 of 2013 SPLUMA are:

- a) The By-Law to deal with land use applications has been approved by Council and has been arden.
- b) Council has approved Category 1 and 2 applications and have appointed the Authorized Official. Category applications 1 will have to be approved by Municipal Planning Tribunal (MPT) and category 2 applications can be approved under delegated authority by the Authorized Official.
- c) Council has approved that the Mayoral Committee will be the Appeals Authority
- d) Names of the Municipal Planning Tribunal (MPT) members have been approved by Council
- e) Names of the MPT members were Gazetted on 19 February 2018
- f) Letters of appointed have been forwarded to all MPT members.
- g) Training for the MPT members has taken place.

ARCHITECTURAL SERVICES

The Development Planning Division (Architectural Services) themselves, do not have capital projects on the IDP, as they implement building projects on behalf of other Directorates. These Directorates have set the IDP targets and will report on them accordingly. Notwithstanding, a list of the capital projects undertaken by the Division is listed as follows:

1) Construction of the King William's Town Traffic Department Building:

- a) This project is multi-year and is for the appointment of a contractor, who was appointed in the 2016/17 financial-year.
- b) The total approved construction value is R 16 651 580 Incl. VAT.
- c) Final costs will be dependent on the actual construction work undertaken, measured at the end of construction (Final Account).

2) Provision of Professional Consultancy Services: Development of the KWT Traffic Dept:

- a) This project is multi-year and is for the appointment of professional consultants, who were appointed in the 2014/15 financial-year.
- b) The total approved appointment value is R 2 359 497 Incl. VAT.
- c) Final fee account will be dependent on the actual cost of construction works, measured at the end of construction (Final Account).

3) Extension and Upgrading of the King William's Town Payments Hall:

- a) This project is multi-year and is for the appointment of a contractor, who was appointed in the 2016/17 financial-year.
- b) The total approved construction value is R 5 998 000 Incl. VAT.
- c) Final costs will be dependent on the actual construction work undertaken, measured at the end of construction (Final Account).

4) Provision of Professional Consultancy Services: Upgrading the KWT Payments Hall:

- a) This project is multi-year and is for the appointment of professional consultants, who were appointed in the 2014/15 financial year.

- b) The total approved appointment value is R 908 693 -15 Incl. VAT.
- c) Final fee account will be dependent on the actual cost of construction works, measured at the end of construction (Final Account).

5) Construction of SCM Depot Warehouse:

- a) This project is multi-year and is for the appointment of a contractor, who was appointed in the 2016/17 financial-year.
- b) The total approved construction value is R 6 703 314 Incl. VAT.
- c) Final costs will be dependent on the actual construction work undertaken, measured at the end of construction (Final Account).

6) New Banana Ripening Rooms:

- a) This project is for the appointment of a specialist cold-room installer, who was appointed in the 2016/17 financial-year.
- b) The final installation cost was R 1 824 366 Incl. VAT.

7) Replacement of Lifts to the Planning & Engineering Centre.

- a) This project is multi-year and is for the appointment of a specialist lift installer, who was appointed in the 2016/17 financial-year.
- b) The final installation cost was R 2 147 179 Incl. VAT.

8) Removal of Illegal Advertising Signage

- a) This project is multi-year project is for the removing of illegal signage including the obscene posters that are pasted all over the City.
- b) The Total approved budget is R 1 100 000 for the current financial year
- c) Annual contract is in place for a period of three years

GEOMATICS (LAND SURVEYING)

- 1) Cadastral Survey To Obtain A General Plan From An Approved Layout For The East Bank Resititution :
 - a) The East Bank Community lodged a claim with the Eastern Cape Regional Land Claims Commission (RLCC). The claim was settled with some of the community members opting for a housing development over financial compensation. East Bank Restitution project site is geographically located in the Amalinda Area, opposite Haven Hills development. It is bounded to the west by the proposed new N2 Road reserve.
 - b) The East Bank Restitution Project consists of the following elements:
 - Consolidation of Erven 27393, 22671 and 1824 EAST LONDON, with the total area of the consolidated figure being 8.9334 Hectares.
 - The subdivision of the consolidated Erf into 449 Erven.
- 2) In order to fulfill the requirements of the abovementioned elements, this project comprise of the Consolidation of Erven 27393, 22671 and 1824 EAST LONDON and the creation of the General Plan thereof.
- 3) BCMM has commenced with the procurement process to appoint service provides to do the cadastral survey and produce a general plan.

Cadastral Survey To Obtain A General Plan From An Approved Layout For Ford Msimango

- 1) Proposed subdivision of ERVEN 30470, 3279, 32750 AND 32757 EAST LONDON, for the creation of the Township Establishment for FORD MSIMANGO. In order to fulfill the requirements of the township establishment, this project comprise of the creation of the General Plan of 207 erven.
- 2) In light of the above City Planning or through Professional Service Provider will issue the Approved Consent and layout plan in order to create the General Plan. City Planning will also issue all approvals for all applicable legislation for this development.
- 3) The tender was awarded and the appointment letter for the Professional Service Provider was awarded on the 5th December 2016.

Cadastral Survey To Obtain A General Plan From An Approved Layout For Masibulele

- 1) Proposed subdivision of ERF 1460 MDANTSANE NORTH, for the creation of the Township Establishment for MASIBULELE. The Council has recommended the approval of this development, however the final approval will have to be granted by the Premier.
- 2) The appointment letter of the Professional Service Provider was awarded on the 5th December 2016.

Cadastral Survey To Obtain A General Plan From An Approved Layout For Dacawa

- 1) Proposed subdivision of ERF 3202 MDANTSANE UNIT 1, for the creation of the Township Establishment for DACAWA. The Council has recommended the approval of this development, however the final approval will have to be granted by the Premier.
- 2) In order to fulfill the requirements of the township establishment, this project comprise of the creation of the General Plan of 341 erven.
- 3) Tender was awarded, and the Land Surveyor was appointed on the 12th June 2017.

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3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Strengthening the City's industrial competitiveness through modern industrial systems and infrastructure development, including the development of new value chains, markets and their associated products, and influencing broader access and participation (especially by small and medium enterprises) in the economic activities of the region is the hallmark of the City's economic development endeavours. The City's economic development initiatives target the acceleration of investment through formulating an attractive incentives framework; providing support to small businesses for sustainability; creating income earning opportunities through developing business development infrastructure; stimulating and revitalising township

economies; and developing industry-related skills and job creation. Some of the dedicated interventions include the community works and Expanded Public Works Programme (EPWP), SMME development and corporative development.

Tourism

Tourism is the second fastest growing sector in South Africa. Buffalo City like any other city is aspiring to become the tourism destination of choice. The role of the Directorate of Economic Development and Agencies is to identify, design and implement programmes and projects that will contribute towards the growth of the tourism sector in Buffalo City. The programmes and projects implemented are as follows:

- a) Tourism Awareness Programmes
- b) Tourism Marketing Programmes
- c) Tourism events Programmes
- d) Tourism Infrastructure Programmes
- e) Stakeholder Mobilisation, Strategic Partnerships and Coordination

Tourism Awareness Programmes

In the 2017/2018 financial year the Directorate hosted 4 tourism awareness campaigns. The purpose is to educate communities about the importance of tourism in the local economy and the opportunities that exists in the industry. During these sessions communities are encouraged to identify immediate resources that could easily be turned into tourism initiatives. Over 500 people benefited from these workshops and were from these areas Ilitha/Berlin (Ward 45), Duncan Village (Ward 6), Mdantsane (Ward 23) and Tyolomnqa (Ward 32).

Tourism marketing programme

The Directorate of Economic Development and Agencies continues to identify platforms that it can use to market and promote Buffalo City as a tourism destination. Some of the highlights of the media coverage received are as follows:

- 1) Buffalo City is collaborating with one of the tour operators (Tenzin Travel) in Netherlands who has given Buffalo City extensive media coverage. The coverage received is as below:
 - a) Advertorial (article on the tourism offerings) about BCMM in newsletter sent to over 10000 clients in the database.
 - b) Advertising of a tour package to Buffalo City in the most sought-after magazine called Travel Dreams Holiday also based in Netherlands
 - c) Campaign aimed at creating awareness about Buffalo City in Tenzin 's social media platforms
 - d) Article in the magazine Paradijsvogels magazine
 - e) 8-page article in the Golfer's Magazine profiling Buffalo City as a golf destination.
 - f) The total PR generated is estimated at 41 100 Euros which is equivalent to almost R600 000.
- 2) The Directorate advertised in various publications which has extensive coverage, and these include amongst other the following:

- a) Getaway Magazine, Sawubona Magazine, Indwe Magazine, Skyways, Safair Inflight Magazine, Explore, Eastern Cape Directory, Events Planner guide etc.
- 3) The Directorate participated in a number of trade and consumer shows. The Directorate use this platform to communicate with prospective buyer's information of the tourism offerings of Buffalo City. Some of the trade shows that the Directorate participated on include the Getaway show in Johannesburg, Beeld Show in Johannesburg, Indaba in Durban etc.

Tourism Events Programme

BCMM has identified the hosting of events as one of the strategies it can use to stimulate the local economy. This is due to the fact that hosting of events has the following benefits to the host city:

Contributes towards growing the tourism sector as it has the ability to attract visitors, extend the visitor season, increase average spend and increase average length of stay.

Marketing of events enhances awareness about the destination and assist with increased brand exposure. This in turn contributes towards attracting new visitors and receiving return trips from those attending events in the city, who might even bring back their families and friends.

Event organizers use the local businesses to source goods and services to stage an event and thus allow local businesses to generate income.

There is an opportunity for the local people in the art and culture sector to showcase their talents, products etc.

Create job opportunities for the local people.

Improve social cohesion.

Facilitate optimal use of natural resources, amenities and facilities

Improves city competitiveness

Encourages and promotes improvement in the image of the city

In the 2017/2018 financial year BCMM supported a number who brought to the city a number of benefits. These events were as follows:

1) Berlin November

Berlin November is an annual premier traditional horse racing event. The event took place at Berlin Race Ground in Berlin on 25 November 2017. The event attracts a broad spectrum of people from all over South Africa. The event includes horse racing, live entertainment, fashion parade, craft and business village and children's entertainment area. Over 30 000 people attended the event.

Benefits received from hosting the event

- a) The region received extensive media exposure. The media coverage received is estimated at R4.5 Million.
- b) Improved media exposure for the Buffalo City, Berlin and the province including the showcasing of traditional horse racing on national media – SABC 1 news, ETV sunrise.
- c) Generate substantial economic benefits to Berlin through

increased visitation including tourists, spectators and participants.

- d) Assist in positioning the city as a venue to host events.
- e) Enhance the areas appeal to host other events.
- f) Enhance business and community development.
- g) Increased use of rural accommodation and transport.
- h) Job creation for local people.
- i) Social integration and cultural exposure.
- j) 35 crafters and 35 food vendors were given an opportunity to sell at the event.

2) Cruel Summer Event

Cruel summer event is an annual picnic event targeting the youth during the festive season. The event was held on 03 December 2017 at Buffalo City Stadium. Over 15 000 people attended the event with 60% of them coming from outside Buffalo City. The event was professionally organized and is showing significant growth. Council contributed an amount of R200 000 towards the event.

Benefits received from hosting the cruel summer event

- a) A total of 193 jobs were created.
- b) Received extensive media coverage particularly on social media platforms. The media coverage received is estimated at over R800 000
- c) Attracted Trace Urban TV to be media sponsor of the event
- d) Showcased the varied attractions of the city
- e) Local artists were given an opportunity to showcase their talent.
- f) All goods and services used to stage the event were sourced from local suppliers. A total of 40 local businesses benefited from hosting the event.
- g) Contributed to the local economy particularly hospitality businesses. 10 local vendors were selling at the event generating an income of not less than R5000 each.

3) Metro FM Heatwave

The Metro FM Heatwave is an annual event held in Buffalo City as part of series of heatwave events held in other three cities. The event was held on 09 December 2017 at Buffalo City Stadium. The event was well received by the community of Buffalo City as it attracted 20 000 people. Good weather and live entertainment made festival goers feel over the moon. Council contributed an amount of R700 000 towards this event.

Benefits of hosting the Metro FM Heatwave

- a) The event being a Metro FM event who forms part of the SABC received extensive marketing in some of the SABC radio stations.
- b) BCMM brand received maximum exposure
- c) 13 local artists were given an opportunity to showcase their talent
- d) 10 local food vendors were given an opportunity to sell at the event.
- e) The event attracted a large number of people from outside of BCMM which is estimated at 30% of total number of people that attended the event
- f) 140 local people were employed as security guards, hospitality team, marketing team and logistical crew.

4) Buyel'Ekhaya Pan African Music Festival

The Annual Buyel'Ekhaya Pan African Festival has filled the Buffalo City Cricket stadium to its full capacity despite the bad weather. The city was abuzz with festival patrons who came in numbers to witness yet another memorable experience. The event has become a signature event for the city attracting people from all over the country. The event was held on 17 December 2017 at Buffalo Park Cricket Stadium. It attracted over 20 000 people and was well received by the patrons. The events received an amount of R4000 000 support.

Benefits of hosting Buyel'Ekhaya Pan African Festival

- a) Being the signature event of Buffalo City, Eastern Cape, the event attracts a large number of people even from outside of Buffalo City.
- b) Despite the rainy weather, the event was well attended.
- c) The event received extensive media coverage from various media houses including both print and electronic.
- d) Buffalo City brand has received maximum brand exposure
- e) Approximately 600 local people were employed in various fields including hospitality, security and logistics.
- f) Contributed towards increasing visitor numbers as most people were coming from outside the city.
- g) 35 local SMME's were given an opportunity to sell at the event
- h) Local artists were given an opportunity to showcase their talent.

5) Eqonce Homecoming

Eqonce Homecoming is an annual event which was hosted for the third time in 2017. The event was held on 23 December at Botanical Gardens in King William's Town and attended by over 1000 people. Council supported the event with an amount of R400 000.

Benefits received from hosting the event

6 local people were employed
9 local vendors were given an opportunity to sell at the
100 000 worth of media coverage was received

6) London Roots

The London Roots event was hosted for the 3rd time in 2017. It attracted well over 6000 people. 50% of the people that attended the event were from outside of Buffalo City. The event was held on 26 December 2017 at Police Park stadium. The municipality contributed an amount of R200 000 towards the event.

Benefits received from hosting the event

- a) 10 local artists were given an opportunity to showcase their talent and generate an income.
- b) 153 temporary jobs have been created
- c) The event was marketed widely giving Buffalo City brand exposure.
- d) All goods and services used to stage the event were sourced from the local businesses.

7) Mdantsane Summer Re-Union

Mdantsane Summer Re-union is an annual event taking place in Mdantsane. The event has created a name for itself for being an event not to be missed. This year the event was held on 27 December 2017 at Winterose stadium in Mdantsane. The event attracted +10 000 people. This was the best attendance compare to last year's event which was affected by the storm and resulted into the infrastructure

that was set-up being damaged. The event receives an amount of R200 000 sponsorship.

Benefits from the event

- a) A total of 25 local businesses in the catering business as well as in the art and craft business were given an opportunity to sell at the event.
- b) All goods and services used to stage the event were sourced from the local service providers.
- c) 20 local artists were given an opportunity to showcase their talent.
- d) The event received extensive media coverage in the radio as well as social media platforms.
- e) BCMM brand received maximum exposure
- f) It is estimated that out of the 10 000 people that attended the event, 20% was from outside of Buffalo City.

8) Count Down

Count Down is annual event taking place on the 31st of December. The event was held for the 4th time on 31 December 2017 at Buffalo Park Cricket Stadium. The event attracted over 5000 people.

Benefits received from the event

- a) The event received extensive media coverage including TV coverage.
- b) BCMM brand received maximum exposure as it was displayed in all the marketing material printed.
- c) 23 local artists were given an opportunity to showcase their talent.
- d) 8 Local SMME's had food stalls at the event
- e) All goods and services used to stage the event were sourced from local businesses.
- f) 245 local people were employed as security guards, cleaning staff, hospitality staff and branding crew.

Tourism Infrastructure Programme

The Directorate has completed two major tourism projects. These projects are intended to benefit the community and tourism stakeholders. The Directorate has completed the refurbishment of an Orient Complex with the aim of establishing a tourism hub. The hub will be a place where information about all BCMM tourism offerings can be obtained. Furthermore; the hub will provide a platform for local crafters to display their craft at the curio shop which is located inside the hub. Tourist operators will utilize the space to display their information about their establishment.

The second infrastructure project that the Directorate had completed is phase one of the Kiwane Campsite. The project involves construction of 12 chalets and two backpacker accommodation. The project is intended to benefit the community of Tyolomnqa. 35 people were employed during construction and 15 will be employed during operation. The project is a catalytic in the area as it has a potential of attracting more investment into the area.

Stakeholder Mobilization, Strategic Partnerships and Coordination

The development and promotion of tourism is a shared responsibility between government, private sector and communities. The Directorate understands the importance of working closely with the stakeholders. In order to strengthen relations between Buffalo City

and other government entities involved in tourism, the Directorate participated in the Provincial Tourism Coordinating Forum, Provincial Marketing Forum and South African Tourism Marketing Forum. Furthermore; Buffalo participated in the Border Chamber of Business Tourism Committee. As part of its own stakeholder engagement sessions, Buffalo City hosted 3 tourism stakeholder sessions in the 2017/2018 financial year.

The Directorate has partnered with Hemingways Mall in establishing a tourism information office that will service the scores of people that visit the mall annual. The Mall recorded its visitor numbers at about 9,9m and this makes this location quite strategic to drive domestic tourism and will spill over to some international visitors who embark on shopping as they find things much cheaper here due to the strength of their respective currencies.

ARTS, CULTURE AND HERITAGE

The Directorate is responsible for the development, management and promotion of arts, culture and heritage. In executing this mandate, the Directorate implements a number of projects and programmes which are as follows:

- a) Development/upgrading of heritage infrastructure
- b) Commemoration of national days
- c) Artist support programme

Development/upgrading of heritage infrastructure

Some of the highlights in 2017/2018 includes restoration/upgrading of the following sites

1) German Settlers Monument in King William's Town

This site is one of the popular tourist spots, particularly for German tourists. Whilst this is the case, the condition of the site was in an appalling state. In order to protect the site, the Directorate installed a clear-view fence. The fence is immensely suitable for the site as it protects it whilst also allowing people to view the monument through the fence.

2) Upgrade of Dr M. B. W. Rubusana's Grave

Dr. Rubusana's grave is located in Braelyn Cemetery. Dr. Rubusana is one of the heroes who selflessly gave up his life to fight for freedom of black people in South Africa. He was a man of many talents namely; a religious leader, politician, sports administrator and an intellectual. In commemorating his life, the Directorate has set aside budget to upgrade his grave that was damaged. The upgrade that was achieved in the gravesite includes restoring a damaged brick wall and installing two galvanized swing gates.

3) Upgrade of Dimabaza Children's Grave

Dimbaza Children's Grave is a site situated in Dimbaza. This is where hundreds of children who died of malnutrition, tuberculosis and other preventable diseases such as measles were buried. This horrific tragedy occurred after their families were relocated to the area from Middleburg and Karoo. The Directorate intends to declare the monument a heritage site. It is for this reason that the Directorate has commenced with plans to upgrade the site in order to meet all the requirements to proclaim the site a heritage site. Phase one of the upgrade included the fencing of the site.

Artist Support Programme

The Directorate has supported artists of different genres with skills development and market access. Over 200 artists were trained on compliance issues in order to encourage them to operate professionally like businesses. A total of 30 artists were supported towards accessing the market through participating in platforms that will assist them to showcase their talent and market their products.

A total of 19 artists from Mdantsane and Gomo Arts Centres were supported to attend the Grahamstown Arts Festival. Two artists were supported to participate in the World Championship of performing Art held in the United States of America and they brought home medals. Over 30 artists were supported to participate in Umtiza Arts Festival. There were about 40 artists that were supported to participate in the youth arts competition held during the Youth Month (June 2018).

TRADE AND INDUSTRY DEVELOPMENT DEPARTMENT

The Department Trade and Industry Development is constituted of the following Units:

Enterprise Development Unit – SMMEs, cooperatives, informal trade and business licensing

Agriculture and Rural Development Unit – crop production and livestock improvement

Trade and investment promotions – export development programme, invest buffalo city and the revival of industrial parks

Enterprise Development Unit

The role of enterprise development unit is to promote, facilitate and create a conducive environment for businesses to thrive within the City. The Unit has three (3) Business Support Centres in Mdantsane, King William's Town and Duncan Village. The programmes for the Unit are implemented through these Centres as they are closer to the ground. The centres offer walk-in support, business registration services, they also act as business information offices, coordinate enterprise awareness outreach programmes, business skills and capacity building programmes, financial support in the form of procurement of equipment as well as market access. The unit provides business registration services to both formal and informal businesses (hawkers/street traders).

1) Capacity Building or Training Development

Improved business performance – the businesses that receives the necessary training are more able to perform and outshine those who do not receive any training. Training programs increase chances to strengthen those skills that each business needs to improve its operations. It is through these training programs that these businesses improve the services they render to the customers.

The following are the training programmes that have been provided to both SMMEs and Cooperatives:

- a) Customer care
- b) Digital skills training
- c) Electricity
- d) Plumbing
- e) Cooperative governance
- f) Chemical manufacturing (detergent trainings)
- g) Basic financial management

2) Workshops/ Seminars and Outreach Programmes

Capacitation of SMMEs through workshops/ seminars and outreach programmes is key as SMMEs get an opportunity to interact with a number of role players that will assist in growing their businesses as well creation of linkages amongst other well established businesses. Through a partnership between the East London IDZ and Green Cape a workshop was hosted that identified opportunities that exists in waste industry. It is a sector that has potential to grow but it still remains untapped, the workshop identified opportunities that exists in the waste economy and it was facilitated by GreenCape. The workshop presented an opportunity for SMMEs in the waste economy to interact with industry players like Polyco, IWMSA (Institute of Waste Management of Southern Africa), Petco, etc.

The fact that industry players had opportunities for emerging recyclers to tap into their budgets was a major highlight an example was that of PETCO who supported 14 projects including cooperatives with equipment to the tune of R2,7 m enabling increased collection capacity. They also mentioned that to date about 79 projects have been supported which was an opportunity for BCMM recyclers to submit their application or proposals. PETCO was willing to engage the City further as well as setting up containers for collection of PETCO bottles.

3) Access to Market and Business Exposure

The success of a small business depends on the business owners ability to market their products and services effectively. Marketing efforts are important to keep small businesses afloat, it gets message out through to potential clients and entices them to give businesses a try.

Therefore through this area small businesses have been supported with branding and marketing in various magazines local business publications and some have been assisted with banners and promotional materials.

Below are the entities that have made highlights and attended the procurement expo which was hosted in Cape Town:

- a) Proglove which is a manufacturer and a supplier of top quality leather protective wear based in King William's and is 100% Black owned. It is the only manufacturer with SABS approval locally and ISO 9001 certification. Proglove is the second largest manufacturer in King William's Town and employs more than 50 people from the surrounding areas. Proglove supplies its products directly to Transnet, Mercedes Benz SA as well as various protective wear distributors supplying end-user such as Anglo –Platinum, Bell equipment, Mittal Steel, BHP billton, Anglo – American and Xstrata Mining Group.
- b) As a front runner in the leather manufacturing industry in South Africa, Proglove prides itself about the durability of its products which are manufactured in accordance with SABS specifications in SANS 316 of 2002. This therefore confirms that their manufacturing process of preparing the leather, the stitching technique, the quality of the thread used is of a premier quality.
- c) The second company is Bright Wave, which is manufacturing cleaning material. The company is a woman owned and Black owned. This company started from humble beginnings and now has branches in Butterworth and Cradock and employs more than 30 people.

AGRICULTURE AND RURAL DEVELOPMENT

The role of agriculture and rural development Unit is to promote agriculture and rural development through farmer support programmes that will increase the agricultural output and increase the sector's contribution to the GDP

The unit is involved in cropping and infrastructure support

CROPPING PROGRAMME

As a means of promoting massive food production, about R1 million was budgeted for this project for 2017/18 financial year. A total of 17 villages were supported with production inputs by Buffalo City Metro in partnership with Department of Rural Development & Agrarian Reform (DRDAR). A total of 447 hectares was cultivated throughout the City and 435 farmers benefited from this program.

Through this partnership Buffalo City Metro has assisted these communities with production inputs including fertilizer, seeds and chemicals. The Department of Rural Development & Agrarian Reform, on the other hand, assisted these farmers with mechanization, technical advice through Extension Officers and Scientists. These villages have Farmers Association that are working with Department of Rural Development and Agrarian Reform. These farmers are selling their produce to local people who come and buy direct from the fields and very few tend to utilize the Fresh Produce Market as it sells on a consignment basis.

AGRICULTURAL SHOW AND EXHIBITION

On an annual basis, Buffalo City Metropolitan Municipality through the Agriculture and Rural Development unit holds an Agricultural Show and Exhibition event at the Bisho Agricultural Show Grounds in partnership with the Eastern Cape Provincial Department of Rural Development and Agrarian Reform (DRDAR). The aim of the Agricultural show is to encourage competitiveness amongst local farmers and to showcase and market the farmers' produce and products they sell to other Departments and companies to secure potential funding and support. Moreover, to encourage farmers to produce quality products so that they can be easily marketed to buyers such as shop owners, retail chain stores to promote purchasing of agricultural products from the local farmers.

A budget of R500 000, 00 was allocated for 2017 Agricultural show, 25 BCMM wards participated on this event.

LIVESTOCK IMPROVEMENT

The Department in its planning has budgeted to assist emerging farmers with livestock improvement program through procurement of wool production equipment, and information day shearing session. The emerging farmers from Qaga Village, Mantlaneni Village and Ndileka Village are practicing livestock production, but are limited by lack of equipment and infrastructure, Buffalo City Metro assisted farmers them with wool production equipment such as Single Base Mechanical Wool Press (Improved), Wool sorting table, Piece Picking Table, Hanging/ Wool Scale (150kg) and Wool Bins (Collapsible). Shearing shed Equipment and infrastructure equipment is much needed to improve production and the quality of wool, which leads to successful farming. Buffalo City Municipality seeks to assists the farmers towards achieving the goals of food security, poverty alleviation, also to contribute in job creation. R 200 000, 00 rand was allocated for the improvement of livestock in certain identified wards of BCMM.

PRODUCTION INPUTS

The department also assisted farmers with Production inputs like broilers and feed, the aim of this program is to promote food security and to alleviate poverty.

- a) Ilitha farming co-op at Ilitha, Received 300 Broilers chicks and feed
- b) Thumokuhle farming co-op at Zwelitsha, received 400 Broiler chicks and feed
- c) Nkosiya youth co-op 150 broiler chicks and feed

Dipping Tanks

Buffalo City Metropolitan Municipality's Integrated Agriculture & Rural Development Strategy recommended the support of farming activities in rural areas. The emerging farmers around the city that are practicing livestock production, are limited by lack of infrastructure such as Cattle dipping tanks and animal handling facilities which lead to unsuccessful farming. A budget of R2, 5 million was allocated for the 2017/18 financial year for construction of dipping tanks to promote animal health in the BCMM in villages like Tolofiyeni and Gwaba. Construction of both dipping tanks started late in the financial year due to unavoidable procurement delays. Completion is envisaged in the new financial year.

POULTRY & PIGGERY PROJECTS

The department has also assisted Poultry and Piggery farmers with infrastructure, these farmers are practicing agriculture and are limited by lack of infrastructure like poultry and piggery houses. During 2017/18 financial year, the budget of R 1.2 million was allocated to 3 poultry co-operatives and 2 piggery co-operatives

- a) Amasirayeli co-op at Tamara has received a poultry structure.
- b) Masiphumelele Co-op at Gwaba location (KWT) has received a poultry structure.
- c) Nkosiya Youth co-op at Nkosiya village has received a poultry structure

Amagasela Pork Producers in Qalashe and Mveniyena co-op at Quzini village has received material for construction of a piggery structure.

IRRIGATION SCHEMES

The directorate of Economic Development and Agencies through Agriculture and Rural Development unit has been promoting food security and massive food production, on the year under review the unit has allocated a budget of R2 million for food production under irrigation in four (5) villages; Mlakalaka, Newlands, Mzintshana, Pirie Mission and Mzantsi.

Buffalo City Fresh Produce Market

The Buffalo City Fresh Produce Market (BCFPM) receives and sells fresh produce to the public on behalf of the farmers who are represented by market agents who operate on allocated floor space. The market generates income from commission on turnover and rental income. The market provides cold room storage facilities, security, cleaning, cash collection points, personnel and trading system.

During the 2017/18 financial year, Buffalo City Metro worked closely with the Department of Agriculture, Forestry and Fisheries (DAFF). Amongst others, DAFF monitors implementation of Codes of Best Practice (COBP) for National Fresh Produce Markets as they pertain

to market managers, market agents, producers, labour and service providers. The main objective is to ensure that markets are assisted, equipped and empowered as platforms of excellence to provide and supply quality fresh produce to the fresh produce value chain as a whole. As part of the collaboration with DAFF, the Tshwane Fresh Produce Market was roped in to assist through mentorship and coaching of operational staff to ensure that the Codes of Best Practice were implemented successfully. The formal close out report was submitted to Council at the end of the intervention.

As a direct result of the support and mentorship from DAFF and the Tshwane Fresh Produce Market, the Buffalo City Fresh Produce Market completed a new draft by-law for the market. This by-law will be subjected to public participation soon with promulgation into law to follow in the new financial year.

The BCFPM has appointed a professional service provider to conduct a feasibility study that will inform expansion into a Fresh Produce and Food Distribution Centre for Buffalo City and surrounding areas. This is done through the development of a Master Plan which will provide opportunities for extended product offering where the Market can offer more than fresh fruit and vegetables. This is expected to present an opportunity for participation of previously disadvantaged individuals. Strong partnerships, mentorship and support would be critical success factors for any such ventures. Future packaging opportunities still exist around waste economy which could benefit local Co-operatives that are in recycling, composting, etc.

In 2017/18, the Fresh Produce Market invested R 12.2 million in capital improvements which is a decrease when compared to R17.8 million in 2016/17. For the 2017/18 financial year the Fresh Produce Market prioritized the following projects:

- a) Upgrading of the market hall through the removal of old asbestos sheets and replacing them with chromadek sheets.
- b) Installation of CCTV Camera system to enhance security,
- c) Building of new banana ripening rooms,
- d) Construction of pallet zone
- e) Relocation of cashier cubicles.

These upgrades are intended to enhance the security, operational efficiency, hygiene and infrastructure that the market currently provides to market agencies and to ensure that the facility enhances its potential to attract more buyers, more suppliers, more quantities and better-quality products.

The Buffalo City Fresh Produce Market hosted an Open Market Day which was intended to introduce and expose the activities of the Market to emerging farmers. Moreover, to encourage these farmers to produce quality produce that can be sold through the Market systems and the importance of proper branding and packaging as they are significant influences of price. Some of the farmers were also assisted with transport to bring their produce to be sold on the day of the event. Their produce got sold and payments processed within the stipulated time. The day started with a brief tour of the Market facilities and Market Agents' stands. Key stakeholders that were part of the Market Open Day included the Department of Agriculture, Forestry and Fisheries, Farmers' Association, Farmers, Fort Cox College, Department of Rural Development and Agrarian Reform and Youth Formations.

In terms of financial performance of the Market, the annual turnover for the 2017/18 financial year is R426 million with 87 000 tons of produce. This is an increase of 7% when compared to 2016/17 financial year where the turnover was R396 million with 80 000 tons

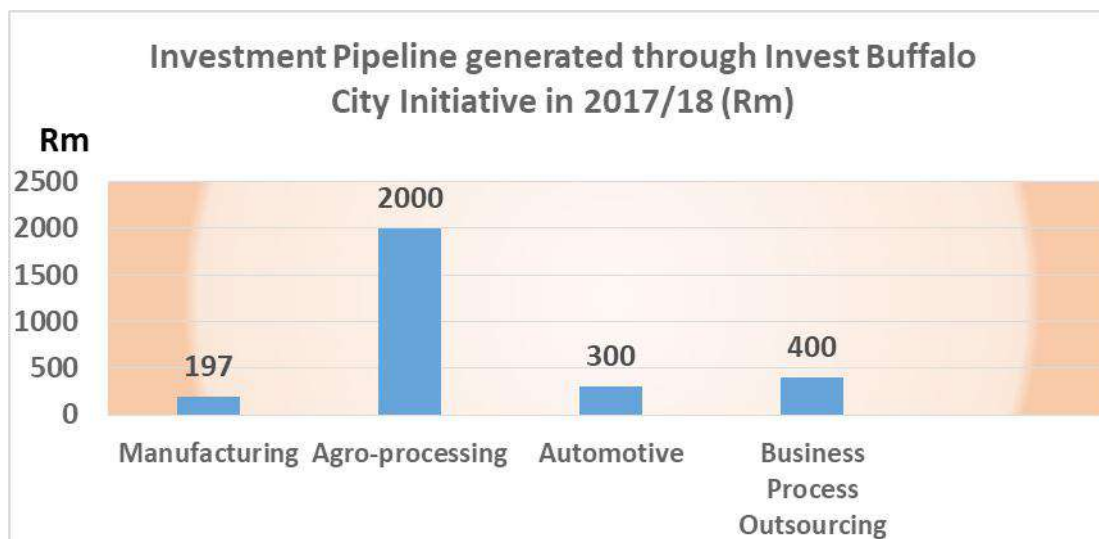
of produce distributed. The Market receives a commission of 5% of the turnover and this is treated as revenue for the municipality. The different market agents receive a commission of up to 7.5% of the same turnover in order to cover their administrative selling costs and the remainder is distributed to the various farmers/suppliers. The BCMM Fresh Produce Market is ranked number 5 out of the 17 national fresh produce markets in terms of turnover.

INVESTMENT RETENTION AND ATTRACTION

In 2017/18, Buffalo City Metro continued with its key investment retention and expansion partnership with the Border-Kei Chamber of Business, the East London Industrial Development Zone, Eastern Cape Development Corporation, Buffalo City Metro Development Agency, the Small Enterprise Development Agency and Transnet National Ports Authority.

Invest Buffalo City aims to build an economic growth coalition to look after existing and attract new businesses in the city. Invest Buffalo City considers four main aspects in terms of positioning the city as a premium destination to “Invest, Live, Work and Play”. It aims to provide a coordinated and holistic investment promotion approach / one-stop-shop for the City. Through this partnership an enterprise friendly web platform was launched to enhance Buffalo City as only “a click away” from being the business destination of choice. Invest Buffalo City also provides project management support for key initiatives identified under the Metro Growth and Development Strategy that would contribute to an improved business environment.

In the 2017/18 financial year, Invest Buffalo City attracted an investment pipeline of R2,9 billion. These are mainly in the Manufacturing, Automotive, Agro-processing and Business Process Outsourcing. The countries of origin include Kuwait, Holland, Germany and South Africa. The investment pipeline is depicted in the graph below:



TRADE PROMOTION

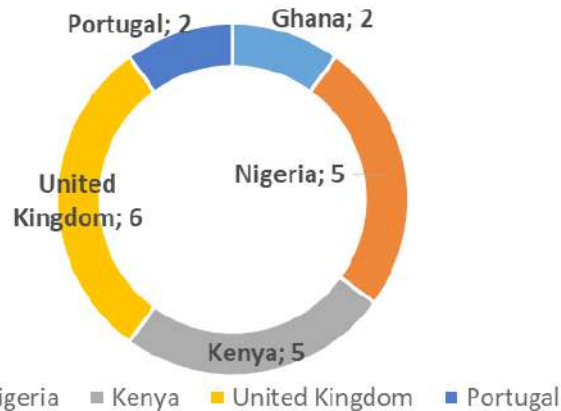
Buffalo City Export Helpdesk is an initiative of the Buffalo City Metro and the Eastern Cape Development Corporation (ECDC) to develop and promote exports in the BCMM region. Export Helpdesk Programme is aligned to the Integrated National Export Strategy (INES), National Exporter Development Programme (NEDP) and Eastern Cape Export Strategy which outlines development and promotion of exports.

The mandate of the Buffalo City Export Helpdesk is to retain current exporters, develop exporters and attract new exporters and to create a conducive environment for exporters in the BCMM region. The objectives are:

- To create capabilities to grow exports in the region by providing appropriate information to the SMMEs.
- Sustain growth in traditional markets and penetrate new high growth markets
- Creation of a vibrant export culture, provision of trade information services and advise
- Assist companies to overcome international market access barriers for growth, profitability & survival of SMMEs

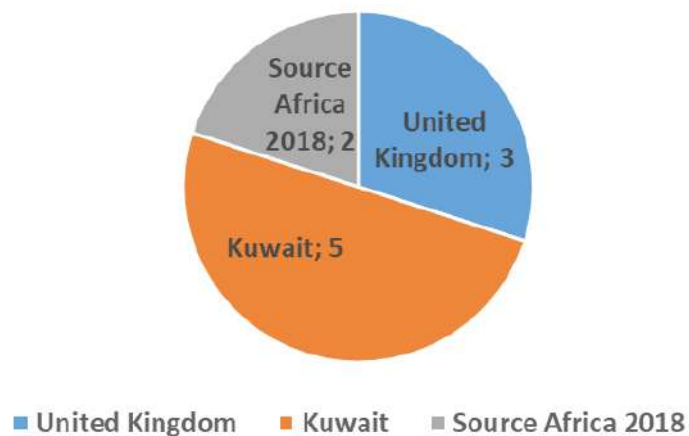
The Buffalo City Export Help Desk facilitated various interventions in 2017/18. These included Outward Selling Missions to five different countries which are instrumental in facilitating access to new markets. The outward selling missions and the number of local companies that participated are summarised below.

Outward Selling Missions undertaken in 2017/18 and the number of local companies participated



Furthermore, the Buffalo City Export Help Desk also facilitated Inward Buying Missions, which also offer an exceptional opportunity for local companies to showcase their offerings. The Inward Buying Missions for 2017/18 are summarized below.

Inward Buying Missions facilitated by BC Export Help Desk in 2017/18 and no. of local companies that participated



Various interventions facilitated by the Buffalo City Export Help Desk also included Sector Specific Training, Exporter Development Programme as well as the Export Awareness Workshops. Sectors that were targeted include Manufacturing, ICT and Film, Creative Industries, Leather, Footwear, Agriculture and Agro-processing.

T 3.11.1

Economic Activity by Sector			
1 000			
Sector	2015	2016	2017
Agric, forestry and fishing	R2 031 341.00	R2 152 664.00	R2 367 796.00
Mining and quarrying	R87 554.00	R68 106.00	R58 486.00
Manufacturing	R24 078 446.00	R25 851 756.00	R27 547 703.00
Wholesale and retail trade	R18 339 182.00	R19 473 723.00	R20 515 467.00
Finance, property, etc.	R16 108 807.00	R15 309 154.00	R16 137 988.00
Govt, community and social services	R67 386 034.00	R72 575 543.00	R77 781 590.00
Infrastructure services	R8 666 598.00	R79 995 315.00	R9 225 726.00
Total	R136 697 962.00	R215 426 261.00	R153 634 756.00

T 3.11.2

Economic Employment by Sector			
Sector	2015	2016	Jobs
	No.	No.	2017
			No.
Agric, forestry and fishing	17 642	18 292	17 423
Mining and quarrying	399	296	298
Manufacturing	17 591	17 594	17 391
Wholesale and retail trade	37 099	35 458	39 272
Finance, property, etc.	24 614	26 768	26 768
Govt, community and social services	55 592	56 064	55 326
Infrastructure services	17 053	17 378	17 453
Total	169 990	171 850	173 931

T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

As depicted in the Table above, there are key sectors that remain depressed and are consequently shedding jobs. The Agriculture, Fishing and Forestry sector showed a 4,7% decline in the number of jobs from 18 292 to 17 423 in 2017. This is concerning given the huge agricultural potential the city has and the fact that the sector is quite labour intensive. This could be attributed to a number of things including drought that affected some parts of the country and Buffalo City was not completely spared from that.

The other sector that has depicted a consistent decline over the years in terms of jobs is the manufacturing sector. Some local firms made announcements that they were downsizing during the year under review and a number of people were retrenched. Amongst those affected were pharmaceuticals, a local white goods manufacturer and agro-processing. The Government, Community and Social Services also showed a slight decline in jobs. The Finance and Property sector also remained unchanged at 26 768 jobs.

On the contrary, the Wholesale and Retail Trade sector was the only sector that showed a significant growth of 10,7% from 35 458 jobs to 39 272. Whilst this positive development is welcome, it may not be sustainable on its own as the disposable income of many citizens will be affected by the job shedding in the manufacturing sector as well as the shrinkage in the public sector workforce.

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
2015/2016	2025	250	1750	time sheets
2016/2017	3454	0	3454	time sheets
2017/2018	968	0	968	time sheets
Initiative A Hosting/Supporting of events	768	0	768	Time sheets
Initiative B (Kiwane Campsite Resort Project)	35	0	35	Time sheets
Initiative C (Tourism Hub)	55	0	55	Time Sheets

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2015/16	40	2,000
2016/17	50	2,900
2017/18	22	1,039

T 3.11.6

Local Economic Development Policy Objectives Taken From IDP										
Service Objectives	Service-Indicators	2016/17		2017/18		2018/19		2019/21		
		Target	Actual	Target	Actual	*Current Year	*Current Year	Target	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Service Objective xxx										
Implement Trade and Industry Development initiatives	Number of businesses provided with export development support	10		10	13	13	13	13	16	
Promote retention and expansion of existing industries	Number of industrial areas provided with supported	0	0	0	1	1	1	1	1	
Implement Metro Rural Development and Agrarian Reform Strategy	Number of agricultural farmer support programmes implemented	4		4	4	3	4	4	5	
To provide support to all farmers through agricultural development programmes	Number of agricultural projects supported with infrastructure	4	4	4	10	3	10	10	10	
Establish and support existing incubation hub and innovation hubs	Number of incubation/innovation hubs established	3	3	1	2	1	2	2	2	
Promote entrepreneurship to grow the business sector in Buffalo City	Number of infrastructure projects for informal traders	0	0	0	2	1	2	2	2	
Provide capacity building and support to small businesses supported	Number of small business supported	350		350	400		400	400	450	
Facilitate job creation	Number of opportunities created through LED initiatives including implementation of capital projects	1200		1200	1000	968	1000	1000	1400	
Implement programmes to develop, manage and improve tourism offerings of Buffalo City to enhance visitor experience	Number of tourism infrastructure projects supported	1	0	1	2	2	2	2	2	
Implements programmes aimed at developing, managing and promoting arts, culture and heritage in Buffalo City in order to promote reconciliation and social cohesion	Number of arts, culture and heritage projects implemented	11	11	11	13	12	13	13	15	
										T 3.11.7

Employees: Local Economic Development Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	22	23	21	2	8.7%
4 – 6	23	27	23	4	14.81%
7 – 9	13	8	5	3	37.5%
10 – 12	7	15	13	2	13.33%
13 – 15	7	6	5	1	16.67%
16 – 18	2	5	4	1	20%
19 – 20	1	2	2	0	0%
Total	75	86	73	13	15.12%
					<i>T3.11.8</i>

Financial Performance 2017/2018: Local Economic Development Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11,913	28,170	28,170	23,362	-21%
Expenditure:					
Employees	40,217	30,920	29,163	28,867	-7%
Repairs and Maintenance	135	1,307	1,063	941	-39%
Other	44,860	26,414	26,991	26,742	1%
Total Operational Expenditure	85,212	58,642	57,217	56,550	-4%
Net Operational Expenditure	73,299	30,472	29,048	33,188	8%
					<i>T 3.11.9</i>

Capital Expenditure 2017/2018: Economic Development Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	43 100	51 450	34 215	-26%	
CONSTRUCT OF PALLET ZONES IN THE MARKET	1 500	2 808	2 625	43%	1 500
CONSTRUCT OF CASHIER CUBICLES AT MARKET	1 350	—	—	0%	1 350
ENERGY EFFIC (SOL PANN & W/TURB – MARK)	2 300	—	—	0%	3 300
M/PLAN DEVELOP FOR THE F/PROD MARKET	2 500	—	—	0%	2 500
UPGR – COLD ROOMS AT F/PRODUCE MARKET	600	439	391	-54%	1 600
UPGRADING OF MARKET HALL	1 750	4 605	4 023	57%	26 750
HYDROPONICS AND PACKHOUSE	600	600	434	-38%	10 600
INFORMAL TRADE (HAWKER STALLS)	6 000	5 000	—	0%	25 000
OFFICE FURN & EQUIPMENT – SMME INCUBATOR	2 000	1 000	94	-2018%	4 000
UPGRADING OF BUILDINGS	2 000	2 000	1 460	-37%	4 000
FENCING OF GERMAN SETTLER MONUMENT – KWT	300	300	188	-60%	650
UPGRADE OF RHARHABE ROYAL FAMILY GRAVES	300	300	262	-15%	900
RESTORAT WORK – DIMBAZA CHILDREN'S GRAVE	200	600	175	-14%	800
BUILD A TOMBSTONE FOR CHIEF TSHATSHU	60	160	35	-72%	130
UPGRADE OF RUBUSANE GRAVE IN BRAELYN	50	100	26	-92%	110
RESTORAT – ANN BRYANT ART GALL & C/HOUSE	1 590	740	697	-128%	3 310
EXTENSION OF MDANTSANE ART CENTRE	1 500	—	—	0%	3 100
FENCING OF THE SITE	1 500	—	—	0%	3 500
SITE LANDSCAPING – COMMUNITY LODGE	1 500	1 500	—	0%	4 000
INSTALLATION OF KIDDIES PLAY PARK FACC	1 000	1 000	—	0%	6 500
INSTALLATION OF WATER INFRASTRUCTURE	1 000	—	—	0%	3 000
INSTALLATION OF SANITATION INFRASTRUCT	1 000	—	—	0%	3 000
UPGRADING OF ACCESS ROAD TO COMMUN LODGE	1 500	5 000	2 385	37%	4 500
INSTALLATION OF THE THREE PHASE ELECTRIC	2 500	—	—	0%	5 500
TOURISM HUB	5 000	5 000	4 305	-16%	20 000
REVITALISATION OF INDUSTRIAL AREA	3 000	3 000	2 609	-15%	9 000
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	500	433	-15%	1 500
ART CULTURE & HERITAGE SITES UPGR C/O	—	932	4	100%	932
CCTV CAMERA INSTALLATION C/O	—	936	340	100%	936
CONSTR CASHIER CUBICLES AT MARKET C/O	—	1 851	1 524	100%	1 851
ENABL INFRA PROG – LED (REPL EXIS ASSETS	—	4 026	3 540	100%	4 026
INCUBATOR HUBS C/O	—	179	132	100%	179
TOURISM INFRASTR PROGR – COUNTERFUND C/O	—	6 873	6 713	100%	6 873
UPGR OF COLD ROOMS AT F/PROD MARKET C/O	—	2 000	1 821	100%	2 000
T 3.11.10					

Capital Expenditure Year : Economic Development Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
SITE LANDSCAPING - COMMUNITY LODGE	1,500	1,500	–	0%	4,000
INSTALLATION OF KIDDIES PLAY PARK FACC	1,000	1,000	–	0%	6,500
INSTALLATION OF WATER INFRASTRUCTURE	1,000	–	–	0%	3,000
INSTALLATION OF SANITATION INFRASTRUCT	1,000	–	–	0%	3,000
UPGRADING OF ACCESS ROAD TO COMMUN LODGE	1,500	5,000	2,385	37%	4,500
INSTALLATION OF THE THREE PHASE ELECTRIC	2,500	–	–	0%	5,500
TOURISM HUB	5,000	5,000	4,305	-16%	20,000
REVITALISATION OF INDUSTRIAL AREA	3,000	3,000	2,609	-15%	9,000
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	500	433	-15%	1,500
ART CULTURE & HERITAGE SITES UPGR C/O	–	932	4	100%	932
CCTV CAMERA INSTALLATION C/O	–	936	340	100%	936
CONSTR CASHIER CUBICLES AT MARKET C/O	–	1,851	1,524	100%	1,851
ENABL INFRA PROG - LED (REPL EXIS ASSETS	–	4,026	3,540	100%	4,026
INCUBATOR HUBS C/O	–	179	132	100%	179
TOURISM INFRASTR PROGR - COUNTERFUND C/O	–	6,873	6,713	100%	6,873
UPGR OF COLD ROOMS AT F/PROD MARKET C/O	–	2,000	1,821	100%	2,000
<i>Total project value represents the estimated cost of the project on approval by council (including</i>					<i>T 3.11.10</i>

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The Directorate of Economic Development and Agencies had set various priorities which would contribute towards growing the local and stimulate key sectors such as tourism, agriculture and agro-processing. A significant portion of the Capital budget was directed towards tourism infrastructure in Kiwane, which is an eco-tourism facility along the City's pristine coastline. This adds to the existing bouquet of offerings outside of the city and will cater for different market segments including the young and adventurous, family outings, group tours, etc. Another important tourism infrastructure was the Tourism Hub which incorporates the main Tourism Information Office, Curio Shop and Tour operator access point. This facility is based in Quigney, which has the highest concentration of beds (1 870) and hosts numerous local, national and international conferences and events.

The Anne Bryant Art Gallery, which is an important tourist attraction in the City received another boost in 2017, where the Coach House was also revamped, following the major revamp to the main Gallery in the previous year. The Coach House is used by and large to host and showcase the works of up and coming artists, some of which are coming out of the local Universities and Technical and Vocational Educational Training Institutions (TVETs).

The Directorate also focused on upgrading several monuments and heritage sites. This area of major importance in the tourism and heritage landscape as they portray the rich history of the city and often attract a sizeable contingent of international tourists. These have been highlighted as focal points in the Municipal IDP as well as the Tourism Sector Plan.

Another significant capital injection went to Buffalo City's Fresh Produce Market. The main focus here was the replacement of asbestos walls with chromadek, the construction of a pallet zone, upgrading of the cold rooms as well as the relocation of cashier cubicles to a better location within the market to improve safety of the buyers and market staff. The latter project, however, did not proceed smoothly as the contract with the appointed service provider had to be terminated due to poor performance by the appointed contractor.

T 3.11.11

COMPONENT D:

COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Directorate of the Municipality Services is responsible for rendering of services in Horticulture, Vegetation Control, Arboriculture, Cemeteries and Crematorium, Sports Field, Swimming Pools, Marine Services, Resorts and Zoo and provide for the education, conservation, sports and recreation needs of community.

It also provides general lending, reference, copy, and study facilities at its libraries and use of halls. It also renders services such as refuse removal, street sweeping, waste minimization and operates the landfill/ waste sites as well as garden transfer stations. It also has an overarching strategic responsibility for the protection and management of the natural environment in Buffalo City Metropolitan Municipality Area.

The Marine and Zoological Services (M&Z Services) Division comprises of the Zoo, Aquarium and Nature Reserves. These amenities contribute 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. The Aquarium and Zoo offer a variety of animal species for public display. The Zoo and 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 the Central Business District. School groups including those schools from historically disadvantaged areas that visit the Zoo and Aquarium pay a school group tariff which reduces the financial strain on the schools. The Zoo and Aquarium are very popular and host many school excursions.

The Nahoon Point and the Nahoon Estuary nature reserves offer recreation and education to the communities and have popular hiking trails. Nahoon Point Nature Reserve has an educational centre, which comprises of display of the history of surfing. Nahoon Estuary has a bird hide, and both nature reserves have a variety of fauna and flora. Entrance to the Nature Reserves are free.

The Solid Waste Management Services Department provides the waste management service to the City's Coastal, Midland and Inland regions. The City currently provides waste management service to about 126 000 billed households as well as 101 806 indigent households. In order to carry out the waste management service the Department has an Operations Unit in all three regions (Coastal, Midland and Inland). The Operations Unit's tasks include among others viz: Area cleaning, Refuse removal as well as clearance of illegally dumped waste.

The Cemeteries and Crematorium section is responsible for the provision of Interment and Cremation services. There are currently 31 operational cemeteries which are spread across the 3 regions of the Buffalo City Metropolitan Municipality and there is 1 Crematorium which is based in Cambridge, East London.

3.12 LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES; COMMUNITY FACILITIES, OTHER

3.12.1. INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Buffalo City Council manages 17 libraries, 2 Mobile Libraries, 3 Prison Depots and 3 Old Age Home Depots, with 84 188 subscribers on behalf of the Provincial Government. The latter only subsidized Council's libraries' operating budget of R31 000 000 by R15 million in the 2017/2018 financial year. There is a need to extend the library service to all communities, especially by means of electronic media such as e-books which will take the service to all community members with e-reader capable hardware without the user having to commute to a library, as well as Mobile Services.

Highlights

- The purchase of new books for all libraries in Buffalo City Metropolitan Municipality – approximately 3000 new books were purchased covering most genres from non-fiction, fiction, African literature, political books, etc.
- The continuation of the Mayoral Library Legacy Project which was launched on 11 November 2016 at the NU 10 Hall in Mdantsane.
- The partnership with Harambee Youth Employment Accelerator Project to expose high risk youth to employment opportunities and work readiness programmes.
- The partnership with Takalani Sesame and Lego Foundation for the introduction and promotion of Early Childhood Development programmes and initiatives.
- Book donations were received to the approximate value of R200 000,00
- Wi-fi was made available to all libraries in Buffalo City.

Challenges have been recorded in respect of the following:

- a) An insufficient library subsidy received from the Provincial Department towards the running costs of all libraries in Buffalo City, as well as the extension of library services into much needed areas.

- b) Lack of Mobile Libraries to deliver library service to the rural areas where no library service exists.

Solutions/Remedial Action

To engage in further talks 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.

Mobile Libraries to be provided to Coastal, Midlands and Inland libraries.

INTRODUCTION TO COMMUNITY HALLS

Buffalo City Council manages 36 tariff-levying halls.

A general survey of halls was undertaken within the Directorate of Municipal Services which commenced in December 2004 and was reported to Council in October 2005. During that survey, more than 90 facilities were visited and technically assessed. The facilities listed were either inherited from the erstwhile East London and King William's Town Transitional Local Councils or from the Amathole District Municipality. The Buffalo City Metropolitan Municipality Land Administration Division is currently facilitating the transfer of ownership of the various ex-Amathole District Municipality Halls to Buffalo City.

These facilities fall into two categories, namely:

- a) Tariff levying halls which are managed by Buffalo City Metropolitan Municipality of which there are 36 which were inherited from the erstwhile East London and King William's Town Transitional Local Councils. These halls have an operating budget and staff.
- b) Non-tariff levying halls of which there are 53 and which were primarily constructed by the Amathole District Municipality. Council levies no tariff for these halls (despite previous requests) as they have no operating budget, and no staff. It is also considered onerous for rural communities to book the facilities as there are only 3 booking points.

Many community halls are in need of refurbishment, estimated to exceed R90 million in value. Lack of security guards increases Council's risk. Council's insurers may decline claims on the basis that Council took no reasonable steps to secure its properties. Insufficient funding has been allocated in the budget.

Service Delivery Priorities

1. The Construction of Nompumelelo Hall (Appointment of Contractor and work is progressing well now at roof level and to be completed in the next financial year)
2. Refurbishment of 5 Community Halls:
 - Parkside Hall
 - Clements Kadalie Hall
 - Robbie de Lange Hall
 - Scenery Park Hall
 - Ilitha Hall

During the construction and refurbishment of these community halls local labour was used from the surrounding communities, in this way

poverty was alleviated. These community halls also assist destitute families for free entry during their funerals through recommendations from councillors.

T3.12.

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

MARINE AND ZOOLOGICAL SERVICES DIVISION:

The Marine and Zoological Services (M&Z Services) Division comprises of the Zoo, Aquarium and Nature Reserves. These amenities contribute 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. The Aquarium and Zoo offer a variety of animal species for public display. The Zoo and 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 the Central Business District. School groups including those schools from historically disadvantaged areas that visit the Zoo and Aquarium pay a school group tariff which reduces the financial strain on the schools. The Zoo and Aquarium are very popular and host many school excursions.

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Libraries

Buffalo City Council manages 17 libraries, 2 Mobile Libraries, 3 Prison Depots and 3 Old Age Home Depots, with 84 188 Subscribers on behalf of the Provincial Government.

Buffalo City Council manages 36 tariff levying halls with approximately 4995 events having been held in the past 12 months.

T3.12.1

Libraries provide a service to all communities, especially to improve the lives of information-deprived communities who currently lack adequate access to information and books. The Libraries stock fiction and non-fiction such as reference, study, autobiographies, travel, recipe books, etc. and serve the adult, children and teen population. This includes pre-primary, primary and high school students who are from the surrounding areas of the libraries as well as tertiary students, working adults, unemployed adults and youth, and the aged. The libraries are used vastly by the unemployed and job-seekers. 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.

In addition to the above, 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 to promote and encourage the usage and love of libraries, and the importance of libraries to all members of all communities.

1. Libraries are currently a Provincial competency and run on an agency basis by Buffalo City Metropolitan Municipality. The library is dependent on an annual subsidy from Department Sports, Recreation, Arts & Culture. The arrangement as it is putting the libraries of BCMM under severe budgetary constraints. An amendment to this legislation would give the mandate for BCMM to run its own libraries.
2. The provision of a complete and full-time library service to all communities. Certain libraries currently offer a part-time library facility in that they are open to the public for a limited amount of hours per week. Berlin Library is to render a full-time, comprehensive and realistic library service to all members of all communities.
3. The provision of Mobile Libraries to render a service to those who are not able to visit libraries.
4. The building of libraries so that all communities have access to a library, especially the disadvantaged areas.
5. The allocation of a sufficient and adequate budget for libraries to render a comprehensive and realistic service.
6. The implementation and establishment of e-books facility for members of the community to access through the Buffalo City Metropolitan Municipal website.

T 3.12.2

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP										
Service Objectives	Service Indicators	2016/17		2017/18		2018/19		2019/20		
		Target	Actual	Target	Actual	*Current Year	Target	*Current Year	Target	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
To provide adequate amenities to serve all BCMM communities	Development of Community Halls	25%	25%	25%	0	0	75%	100%		
	Upgrading & Refurbishment of Community Halls	5	5	5	5	5	5	5		
T 3.12.3										

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	75	81	69	12	14.81%
4 – 6	52	61	45	16	26.23%
7 – 9	29	37	30	7	18.92%
10 – 12	26	28	27	1	3.57%
13 – 15	2	3	1	2	66.67%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	184	210	172	38	18.10%

T3.12.4

Financial Performance 2017/2018: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	16,778	18,774	18,774	15,418	-22%
Expenditure:					
Employees	48,236	51,924	58,424	59,510	13%
Repairs and Maintenance	1,157	1,338	4,550	5,425	75%
Other	5,589	6,174	59,068	63,589	90%
Total Operational Expenditure	54,981	59,436	122,043	128,524	54%
Net Operational Expenditure	38,203	40,663	103,269	113,106	64%

T 3.12.5

Capital Expenditure 2017/2018: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10,000	1,150	3,448	-190%	
Upgrade and Refurbish Existing Community Halls and Facilities and Nompumelelo Hall	10,000	10,000	3,448	-190%	10,000
Book Alarm System	0	150	0	11%	150

T 3.12.6

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

The target for the 2017/2018 financial year was the appointment of a contractor for the completion of the Construction of Nompumelelo Hall & the upgrading of 5 community halls with a total budget of R10 million. Expenditure was recorded at 45% and the amount of R5.5 million for the construction of Nompumelelo Community Hall was requested to be rolled over as the contractor was only appointed in May 2018.

For libraries we there were no funds allocated for capital expenditure/or projects. However, due to partnerships formed we are providing early childhood development, youth employment services and library for the blind, this is an addition to the traditional library services provided such as all new books etc.

Targets are set based on the approved budget, hence targets set on the IDP are going to be achieved within the approved budget. Should there be any variance, budget adjustment is done through the mid-year budget adjustment process.

T 3.12.7

3.13 CEMETERIES AND CREMATORIUMS

3.13.1. INTRODUCTION TO CEMETERIES & CREMATORIUM

The Cemeteries and Crematorium section is responsible for the provision of Interment and Cremation services. There are currently 31 operational cemeteries which are spread across the 3 regions of the Buffalo City Metropolitan Municipality and there is 1 Crematorium which is based in Cambridge, East London.

In the 2017/2018 financial year, an amount of R10 Million was budgeted for the development and upgrading of cemeteries across the 3 regions. An approximate amount of R4M was utilised to install fencing in order to minimise vandalism, theft and to improve the aesthetics of the cemeteries. The fencing was done in nine (09) cemeteries namely Bhisho, Zwelitsha, Mcleantown, Dimbaza, Mtsotso, East Cemetery, Cambridge Crematorium and KWT/Clubview.

Upgrading of buildings was carried out at the following cemeteries:-

- a) Cambridge Crematorium
- b) Cambridge Cemetery
- c) Buffalo Flats
- d) Fort Jackson
- e) Zwelitsha
- f) Phakamisa
- g) Ilitha
- h) Breidbach and
- i) Bhisho.

3.13.2 CAPITAL PROJECTS 2017/2018: CEMETERIES

The anticipated benefits and impacts that were achieved from the Cemetery Projects for the 2017/2018 financial year.

The following improvements and upgrading was done:

Cambridge Crematorium: The entire office, ablutions, chapel and depot were upgraded including provision of palisade fencing to secure the ash burial facility was completed.

Buffalo Flats Cemetery: The entire office, ablutions and depot were upgraded including provision of palisade fencing for the offices.

Fort Jackson: The entire office, ablutions and change room and depot were upgraded including provision of palisade fencing for the cemetery.

This upgrading provided the community with an aesthetically pleasing, safe and secure environment for service delivery.

3.13.3 SERVICE STATISTICS FOR CEMETERIES & CREMATORIUM

Statistics for the 2017/2018 financial year are as follows:

Burials	4122
Cremations	608

T 3.13.3

Cemeteries and Crematoriums Policy Objectives Taken From IDP							
Service Objectives		2016/2017		2017/2018		2018/2019	2020/2021
Service-Indicators		Outline Service Targets		Target		Actual	Target
		*Previous Year		*Previous Year	*Current Year		*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(ix)
Service Objective xxx							
Development and upgrading of cemeteries	No. of cemeteries upgraded	Nine	Nine	Nine	Nine	Ten	Nil
T 3.13.3							

Employees: Cemeteries and Crematoriums					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	72	73	62	11	15.07%
4 – 6	17	20	18	2	10%
7 – 9	3	6	3	3	50%
10 – 12	3	3	3	0	0%
13 – 15	1	1	1	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	96	103	87	16	15.53%

T3.13.4

Financial Performance Year 2017/18: Cemeteries and Crematoriums					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,369	9,836	9,836	10,322	5%
Expenditure:					
Employees	23,582	23,959	23,959	25,506	6%
Repairs and Maintenance	536	501	1,533	1,469	66%
Other	7,920	10,353	9,123	8,088	-28%
Total Operational Expenditure	32,038	34,813	34,615	35,064	1%
Net Operational Expenditure	30,669	24,977	24,778	24,742	-1%

T 3.13.5

Capital Expenditure 2017/2018: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10,000	10,000	7,193	-39%	
Coast Cemeteries (Cambridge Crematorium) 2	875	875	625	-40%	875
Coastal Cemeteries (East Cemetery)	875	1,477	1,398	37%	875
Coast Cemeteries (Cambridge Crematorium)	875	875	835	-5%	875
Coastal Cemeteries (Buffalo Flats)	875	273	260	-236%	875
Midlands Cemeteries (Macleantown)	1,000	1,000	992	-1%	1,000
Midlands Cemeteries (Mtsotso Cemetery)	1,000	1,000	868	-15%	1,000
Midlands Cemeteries (Fort Jackson)	1,000	1,000	932	-7%	1,000
Inland Cemeteries (Bhisho)	875	875	252	-247%	875
Inland Cemeteries (Kwt / Clubview)	875	875	573	-53%	875
Inland Cemeteries (Phakamisa)	875	875	93	-841%	875
Inland Cemeteries (Zwelitsha)	875	875	365	-140%	875

T 3.13.6

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIALS OVERALL:

In terms of the annual performance for the cemeteries and crematorium (Capital Projects) the section spent R7 195 818.70 out of the R10M allocated and this is equivalent to 72% expenditure in the 2017/2018 financial year on the upgrading and development of infrastructure in the cemeteries indicated in T3.13.1.

The challenge experienced during this financial year was the expiring of the annual contract for fencing and the unavailability of a contract for roads construction. In order to fast track the process of the development of new and further upgrade of the existing a Cemeteries Management Plan will be developed during the 2018/2019 financial year.

Regulations relating to the Management of Human remains, R353 of 2013, indicates that unclaimed bodies of un-identified human remains must be dealt with in accordance with section 32 of the provisions of the Regulations regarding the rendering of Forensic Pathology Service, R636 of 2007. Both these regulations are promulgated under the National Health Act, 61 of 2003. Section 32 of the abovementioned regulations (R636 of 2007) dictates that any un-identified body remains that remain un-identified for a period over 30 days must be buried by a local municipality.

Buffalo City have been assisting its residents with the burial of paupers and unclaimed bodies from the following government forensic facility, namely Woodbrook, Mdantsane forensic facility and Bhisho forensic facility. In the 2017/2018 financial year, 597 assisted pauper burials services were provided by the department through a contracted funeral undertaker. All these bodies were either buried or cremated in the approved BCMM cemeteries and crematorium.

Challenges

The department does not have an annual contract (long term) for the provision of these services, due to administrative Supply Chain challenges. The 2017/2018 financial year's budget for the provision of this service was insufficient. Additional funding had to be availed to increase this budget as this is a critical service for the poor indigents.

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

For early childhood development, grant in aid provides financial support to those who apply and environmental health visit to Early Childhood Development Centres to assess for compliance health standards and monitoring. For older persons have conducted Golden Games together with Social Development, the municipality buys sports gear and equipment towards the Games and encourages the aged to be active in Sport to keep healthy and stay alert. Established forums for older persons, gender, people with disabilities that has a budget of R100 000 each forum for their programmes, awareness and commemoration of Days of Importance

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

The Buffalo City Metropolitan Municipality Grant—In-Aid Programme invites annual applications for operational financial assistance from non-political and non-profit making organizations including Child Care Centres. This programme is administered in terms of Section 67 of the Municipal Finance Management Act and its budget has increased from R1, 464,682.00 with 134 organisations benefiting in FY 16/17 to R1, 568,872.00 and 149 organizations benefiting in FY 17/18.

T 3.14.2

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1 FY 16/17		2017/2018 FY 17/18			Year 3 FY 18/19		
		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)
Well Governed City									
BCMM financial assistance targeting child care, aged and social programmes	Vulnerable groups beneficiation from metro financial assistance to non-profit community development initiatives	Handover Grant in Aid allocations FY 16/17	134 benefiting organizations	Handover Grant in Aid allocations FY 16/17	Handover Grant in Aid allocations FY 17/18	149 benefiting organizations	Handover Grant in Aid allocations FY 18/19	Handover Grant in Aid allocations FY 18/19	Handover Grant in Aid allocations FY 19/20

T 3.14.3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year 2016/2017	Year 2017/2018			
	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	2	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	2	2	2	0	0%

T3.14.4

There was no financial performance for the unit during the year under review

T 3.14.5

There was no capital expenditure for the unit during the year under review

T 3.14.6

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

For early childhood development, grant in aid provides financial support to those who apply and environmental health visit to Early Childhood Development Centres to assess for compliance health standards and monitoring. For older persons have conducted Golden Games together with Social Development, the municipality buys sports gear and equipment towards the Games and encourages the aged to be active in Sport to keep healthy and stay alert.

Established forums for older persons, gender, people with disabilities that has a budget of R100 000 each forum for their programmes, awareness and commemoration of Days of Importance. The metro does not implement any capital projects in respect of children or aged care and social programmes as these are the mandate of the Department of Social Development.

T 3.14.7

COMPONENT E:

ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The City places a premium on improving environmental governance. In this regard, establishing effective regulatory frameworks, strengthening enforcement for compliance and heightened awareness on environmental issues for consideration has been of strategic importance to the City. In recognition of the environment as its greatest asset, the City focuses on environmental management and protection by developing a set of tools, systems and procedures to influence a change on human activities that contribute to environmental degradation. The City's approach to environmental management and protection is informed by various applicable legislation and its policy makes environmental issues and environmental sustainability an essential part of all decision-making processes.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

In terms of the Air Quality Act no.39 of 2004 Buffalo City Metropolitan Municipality is mandated to manage and implement Environmental Pollution and Air Quality Management activities within its area of jurisdiction. These activities are performed within the Buffalo City Municipality Metropolitan under Municipal Health Services.

The current situation of the Environmental Pollution and Air Quality Management in terms of staffing in Buffalo City Metropolitan Municipality is as follows:

Senior Environmental Pollution Officer post became vacant on the 31 June 2017 and the post was advertised and filled as of the 1 November 2017.

The Municipal Health Services in its approved organogram has developed an Air Management Quality Unit which consists of the Chief Air Quality Officer and three Senior Air Quality Officer unfunded and vacant posts. On the 1st June 2018, BCMM appointed the Chief Air Quality Officer who has subsequently been designated as an Air Quality Officer and was submitted to Buffalo City Metropolitan Municipality Council Committee for approval.

The Buffalo City Metropolitan Municipality appointed a service provider to review the Air Quality Management Plan. In terms of the Air Quality Act, no 39 of 2004 the Air Quality Management Plan must be reviewed every five years. The plan is currently at the draft stage with stakeholder consultations currently being undertaken with the Councillors and the public.

In terms of monitoring of ambient air quality within Buffalo City Metropolitan Municipality:-

BCMM has three Air Monitoring Stations in operation situated at Zwelitsha; Empilweni Clinic and Beaconsfield Road Municipal Health Services offices.

During the year under review the department was allocated one capital project namely, Air Quality Monitoring Station with a budget of R800 000. This budget was utilised to appoint a panel of specialist service providers to supply, install & commission air quality monitoring stations equipment and calibrations of stations

In the first quarter, all three stations were not operational due to malfunctioning of air quality equipment or analysers.

In the second quarter the Eni-Viewer software from all three stations was upgraded and the 3G cards modems were installed to have internet access to transmit the data electronically to South African Weather Services (SAWS) for public access.

In the third and fourth quarter, all the analysers from the three stations were serviced and the stations became operational. The stations were reporting to South African Atmospheric Quality Information System, which is part of the requirement from the National Department of Environmental Affairs.

The Buffalo City Metropolitan Municipality Council approved and adopted on the 25th October 2017, BCMC 545/17 (J), with effect from the 1st July 2017, the Atmospheric Emission Licence tariffs for new applications; renewal applications; transfer applications; provisional licence applications; application fee and section 22A administrative fine in terms of Section 21 of the Air Quality Act No 39 of 2004.

Apart from air quality the section also performs the noise pollution control function as well as aspects relating to water and waste pollution.

In terms of noise pollution, the Senior Environmental Pollution Officer conducted noise monitoring and noise measurements during summer in all music festivals within BCMM such Buyel'Ekhaya music festival; Count Down music festival; Cruel summer music festival; Metro FM Heat Wave etc.

In terms of water quality, the Environmental Health Practitioners undertake Water Quality Monitoring by taking water samples at the health care facilities & other sources of complaints in all three regions and submitting these samples for bacteriological analysis.

During the year under review the department was allocated one capital project namely, Air Quality Monitoring Station with a budget

of R800 000. This budget was utilised to appoint a panel of specialist service providers to supply, install & commission air quality monitoring stations equipment and calibrations of stations

In the first quarter, all three stations were not operational due to malfunctioning of air quality equipment or analysers.

In the second quarter the Eni-Viewer software from all three stations was upgraded and the 3G cards modems were installed to have internet access to transmit the data electronically to South African Weather Services (SAWS) for public access.

In the third and fourth quarter, all the analysers from the three stations were serviced and the stations became operational. The stations were reporting to South African Atmospheric Quality Information System, which is part of the requirement from the National Department of Environmental Affairs.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

A two-year annual contract is in place to address the servicing, calibration, repair and maintenance of the three Air Quality Monitoring Stations & supply and installation of faulty equipment at the three Air Monitoring Stations. This contract is essential in addressing the issues that were experienced in the previous years of malfunctioning Air Monitoring Stations due to procurement delays.

A project business plan for the development of the Air Quality Management by-laws was developed and submitted to legal department for consideration and assessment.

During the financial year of 2017/18 the statistic of water sampled is as follows:

Annual target	1500
Quarterly target	375
Monthly Target	125

First Quarter (July – September 2017) – 303

Second Quarter (October – December 2017) – 344

Third Quarter (January – March 2018) – 390

Fourth Quarter (April – March 2018) – 354

Total samples taken, 2017/18 – 1391

Total Annual Target, 2017/18 – 1500

Total short fall samples, 2017/18 – 109. The shortfall was due to the national strike at all National Health Laboratory Services

T 3.15.2

Pollution Control Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2		Year 3		
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
(i)	(ii)									
Service Objective xxx										
Water and air purity	Water: x% of all readings taken throughout the year on at least weekly to be found acceptable (clean) by National Standards	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable	
	Air: x% of all readings taken throughout the year on at least weekly to be found acceptable by National standard	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable	
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										
										T 3.15.3

Job Level	Year 2016/2017	Year 2017/2018			
	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	1	3	2	1	33.33%
13 – 15	0	0	0	0	0%
16 – 18	1	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	1	3	2	1	33.33%

T3.15.4

Employees: Pollution Control					
Financial Performance: Pollution Control					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	24	24	35	31%
Expenditure:					
Employees	–	32,590	32,590	32,643	0%
Repairs and Maintenance	–	1,024	314	314	-226%
Other	–	4,196	3,414	3,000	-40%
Total Operational Expenditure	–	37,810	36,318	35,958	-5%
Net Operational Expenditure	–	37,786	36,294	35,923	-5%

T 3.15.5

Capital Expenditure: Pollution Control					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	800	800	261	-207%	800
AIR MONITORING STATION	800	800	261	-207%	800

T 3.15.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

The Pollution Control Department had two capital projects and one operational project undertaken during the year under review.

A panel of specialist service providers to supply, install and commission air quality monitoring station equipment for a period of two years was awarded to two services providers.

The Review of the Air Quality Management Plan tender was awarded during the fourth quarter of the 2017/2018 financial year.

Project business plans for the development of the Air Quality Management by-laws was developed.

The IDP five-year plan has made provision for the upgrade and maintenance of Air Quality Monitoring Stations up until the 2019/2020 financial year. The department has secured two-year contracts to ensure that the Air Quality Monitoring Stations are upgraded and maintained thus ensuring continuous provision of air monitoring in the Metro. It is anticipated that budgetary provision for the outer years will be considered and approved for the continuous upgrade, enhance and maintenance of the stations.

Monitoring of emissions from sources and areas by the development and maintenance of an emissions inventory on the National Atmospheric Emission Information System:

Two Atmospheric Emission Licence applications were received in the year under review which was sent back for amendments because the application is a section 22A of the Air Quality Act, No 39 of 2004.

In terms of Compliance and Enforcement all the industries that are operating without the Atmospheric Emission Licence were identified, inspected and issued with the administrative fine as stipulated in the Air Quality Act No 39 of 2004 and BCMM approved tariffs.

During the financial year 2017/2018 four officials from Municipal Health Services attended the National Air Quality Lekgotla in Gauteng and two official attended Environmental Management Inspector Lekgotla in Nelspruit Mpumalanga.

Buffalo City Municipal Metropolitan successfully managed to:

Conducted a joint inspection Atmospheric Emission License audit with the Department of Economic Development Environmental Affairs and Tourism (DEDEAT)

Five Atmospheric Emission License were issued to different industries. Submitted quarterly and annual reports to the Provincial Air Quality Officer.

Presented to the Green Forum awareness campaign hosted by BCMM Integrated Environmental Management Plan Unit (IEMP)

Prepared the departmental presentation for the Provincial Air Quality Management Forum meeting

Updated the National Department of Environmental Affairs online computerized National Atmospheric Emission Information System (NAEIS) master list of industries in the BCMM area.

Conducted National Atmospheric Emission Information System (NAEIS) audit for the annual reports of 2017.

Registered industries that falls under the Control Emitters into the National Atmospheric Emission Information System (NAEIS)

The Pollution Control Section was responsible for monitoring and reporting to Council on the polluted stream passing through the suburbs of Braelyn & Pefferville. This is a continuous monitoring process from the previous year due to the heavily polluted stream which was causing a major outbreak of mosquito infestation. The department managed to reduce the mosquito infestation through regular application of insecticides and raising of awareness among the residents and public of disposing of waste and other matters which cause breeding areas for mosquitos and other insects.

The Pollution Control Section also managed the health and safety issues that were affecting the community around the area of the quarry operation being the remainder of erf 359 in King William's Town where blasting and mining is taking place at the Quarry Site. Residents complained of noise and damages to their homes from the blasting operations. The Department reported to Council on the measures taken and the meetings held with the Stutt Group to ensure that the blasting was controlled & that dust monitoring results were submitted regularly to the National Atmospheric Emission Information System (NAEIS). Results submitted were below the threshold (below the acceptable dust fall rate as stipulated in the National Environmental Management: Air Quality Act, 2004 Act No. 39 of 2004 under the National Dust Control Regulations). Residents were informed and were happy with the outcome and interventions of BCMM to ensure that their health & safety was not compromised.

T 3.15.7

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Environmental Monitoring and Compliance.

Since development is an ever-growing process, its impact on the environment is also ever increasing leading to rapid deterioration in environmental conditions. The Environmental Assessment provides a rational approach to sustainable development. Basic Assessment Reports (BAR) for township establishment programme within the metro were conducted during this financial year period. Environmental Authorizations obtained were for Berlin/ Lingelitsha and Mzamomhle informal settlements.

Environmental Education: all education and awareness-raising activities for environmental, biodiversity and ecosystem protection are performed by our IEMP& SD unit. In effort to educate and promote awareness of increasing climate change effects and global environmental issues including biodiversity, the metro in collaboration with Department of Environmental Affairs engaged 10 schools to form part of the 3rd Biodiversity Economy Indaba. The participated schools were David Mama Primary School, East London Science College, Ebenezer Majombozi High School, Ngwenyathi High School, Wongalethu High School, Sophathisana High School, Sakhikamva High School, Unathi High School and Vulamazibuko High School. The objectives of the Indaba amongst others, was to provide a platform to create awareness of the wildlife and bioprospecting beneficiation through conservation

Green Forum: The metro hosted a Green Forum, on the 13-14 June 2018 at City Hall, East London.

The forum show cased some of most innovative products, services, eco-design and provided practical green solutions to consumers. In addition, the forum has enabled the communities to harness their green consciousness in a fun and sustainable manner.

EMI workshop: To outline roles and responsibilities of the Environmental Management Inspectors (EMI's) within the metro and deliberations on coordination/ reporting of these EMI's and their communication within the directorates were conducted.

Wetland Management: Stakeholder workshop with the aim of educating the relevant stakeholders and NGOs on the importance of the wetlands in the community. Furthermore, to brainstorm about possible solutions that can be implemented to ensure the improvement of the catchment was facilitated by the metro in partnership with ICLEI- Local Government for Sustainability through the LAB programme. This was followed by a wetland report which was developed, and it is at its awaiting for the council endorsement.

Beautification: To present an aesthetically beautiful and enhance the attractiveness of the City, the following were carried out.

- 1) Landscaping at Settlers way, Batting Bridge and various other parks and horticultural features.
- 2) All spaces were developed, maintained and managed in the central business district.
- 3) Bi annual florals display at Anne Bryant Gallery, Queens Park, City Hall, Esplanade, Cambridge Cemetery and Crematorium, Alexander Rd and KWT Civic centre and King William's Town
- 4) Arboricultural work was planned, developed and maintained.
- 5) Beautification to the entrances to the City, Mdantsane, King William's Town, Settlers way, NE and NW Expressways.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The following areas were landscaped and beautified:

- 1) Settlersway, Batting Bridge.
- 2) Mdantsane east entrance
- 3) Bhisho Dam
- 4) Bi annual florals display at Anne Bryant Gallery, Queens Park, City Hall, Esplanade, Crematorium, Alexander Rd, KWT Civic Centre and King William's Town

T 3.16.2

Landscaping was not on the SDBIP during the year under review.

T 3.16.3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	189	203	179	24	11.82%
4 – 6	174	202	163	39	19.31%
7 – 9	44	43	42	1	2.33%
10 – 12	16	18	15	3	16.67%
13 – 15	3	3	3	0	0%
16 – 18	2	2	2	0	0%
19 – 20	1	3	1	2	66.67%
Total	429	474	405	69	14.56%

T 3.16.4

Financial Performance Year 2017/18: Bio-Diversity; Landscape and Other					
R'000					
Details	Year 1617	Year 1718			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	104	3,447	3,447	1,292	-167%
Expenditure:					
Employees	103,596	116,574	129,789	129,947	10%
Repairs and Maintenance	5,332	7,344	8,288	7,926	7%
Other	12,423	17,923	18,411	19,325	7%
Total Operational Expenditure	121,352	141,842	156,487	157,197	10%
Net Operational Expenditure	121,248	138,395	153,041	155,906	11%

T 3.16.5

Capital Expenditure Year 2017/18: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,900	1,083	1,001	-290%	3,900
SUPP & FIT CCTV – NAHOON POINT & ESTUARY	200	–	–	0%	200
UPGRAD FILTRATION SYSTEM AT THE AQUARIUM	400	202	202	-98%	400
UPGRADING FILTRATION SYSTEM AQUARIUM	–	–	–	0%	–
AIRCONDITIONING AT NAHOON POINT	18	2	2	-774%	18
REFURB PUBLIC SEATING NAHOON POINT	–	300	–	0%	–
EXTENT – EXIST SIDE WALK AT NAHOON POINT	156	–	–	0%	156
REFURB – EDUCAT CENTER AT NAHOON ESTUARY	160	–	–	0%	160
ENTRANCE FEATURE AT NAHOON POINT	200	200	–	0%	200
REFURB – PALASADE FENC AT NAHOON POINT	200	–	–	0%	200
REFURB – WOODEN OUTLOOK POINTS – N/POINT	66	–	–	0%	66
REFURB PUBLIC SEATING NAHOON POINT	–	–	–	0%	–
STOREROOM NAHOON POINT NATURE RESERVE	–	–	–	0%	–
SIGNAGE NAHOON POINT & EST NATURE RESERV	–	–	–	0%	–
EXTENTION EXITING SIDE WALK NAHOON POINT	–	–	–	0%	–
ADDITION TO STAFF CHANGE ROOMS	100	270	117	15%	100
DESIGN OF THE IGUANA ENCLOSURE	75	75	–	0%	75
GIBBONS NIGHT ROOM	200	200	–	0%	200
NEW SUNGAZER ENCLOSURE	200	5	3	-6666%	200
UPGRADING OF WILD DOG ENCLOSURE	250	275	137	-82%	250
ZOO BOUNDRY WALL – LIONS TO WOLFS ENCLOS	1,500	1,500	847	-77%	1,500
TOOLS AND EQUIPMENT (ZOO)	20	20	19	-4%	20
RELOCATION OF AQUARIUM	3,927	4	4	-90280%	3,927
UPGRADING FILTRATION SYSTEM AQUARIUM	–	400	–	0%	–
STOREROOM NAHOON POINT NATURE RESERVE	–	500	–	0%	–
PLANT & EQUIP FOR NATURE RESERVES C/O	–	278	272	100%	–
UPGR OF COASTAL NATURE RESERVES C/O	–	624	435	100%	–
UPGRADING OF ZOO FACILITIES C/O	–	807	391	100%	–
FENC OF COMMUNITY PARKS – EAST DISTRICT	100	100	90	-11%	100
FENC OF COMMUNITY PARKS – NORTH DISTRICT	100	100	91	-10%	100
FENC OF COMMUNITY PARKS – SOUTH DISTRICT	100	100	42	-136%	100
FENC OF COMMUNITY PARKS – WEST DISTRICT	100	100	61	-64%	100
FENCING OF COMMUNITY PARKS – NOMPUMELELO	100	100	79	-26%	100
UPGR & DEVEL COMM PARKS – SOUTH DISTRICT	1,000	1,000	708	-41%	1,000
UPGR & DEVEL COMM PARKS – WEST DISTRICT	1,000	1,000	815	-23%	1,000
UPGRADE & DEV COMM PARKS – NOMPUMELELO	1,000	1,000	708	-41%	1,000
NU 6 MDANTSANE DEPOT	200	200	80	-149%	200
KWT BOTANIC GARDENS DEPOT	100	100	–	0%	100
ZWELITSHA BLOCKYARD DEPOT	200	200	197	-2%	200
GOMPO DEPOT	2,200	1,900	1,887	-17%	2,200
GONUBIE DEPOT	150	150	22	-597%	150
MEADOW RD DEOPT	150	450	434	65%	150
GRASS CUTTING EQUIPMENT	500	500	478	-5%	500
HEAVY DUTY CHAINSAW	180	180	–	0%	180
PETROL WEED EATERS	120	120	22	-436%	120
EXTENSION PRUNERS	100	100	–	0%	100
LAWNMOWER	100	100	–	0%	100
BUSHCUTTER (TRACTOR)	100	100	–	0%	100
OFFICE CHAIRS	7	7	–	0%	7
SPECIMEN BINS	15	15	–	0%	15

Capital Expenditure Year 2017/18: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
WALL MOUNTED SCREEN	23	23	8	-180%	23
COLLECTION BUCKETS	199	199	114	-75%	199
COOLER BOXES	1	1	–	0%	1
DECK BROOMS AND SCOURERS	2	2	–	0%	2
FRIDGE FOR SPECIMENS AND FISH	3	3	–	0%	3
SUNNYMEAD O/A HOME (ACCESS PATH & RAMPS)	–	–	–	0%	–
ZONE 11 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 14 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	92	-35%	125
ZONE 16 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	64	-96%	125
ZONE 2 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	110	-14%	125
ZONE 6 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	98	-28%	125
ZONE 7 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 5 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	90	-39%	125
ZONE 4 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	50	-148%	125
NEW AIR-COND (REPLAC-SHOPRITE CAXTON ST)	1,800	1,698	1,494	-21%	1,800
NEW A/CON PLANT – CITY ENGINEERING BUILD	–	–	–	0%	–
NEW A/CON PLANT – MUNIFIN (ONE PLANT)	–	–	–	0%	–
ORIENT THEATRE REFURBISHMENT	–	–	–	0%	–
UPGRAD OF ELECTRICAL –BISHO CIVIC CENTRE	800	157	–	0%	800
UPGRADING OF ELECTRIC –KWT CIVIC CENTRE	800	200	–	0%	800
GONU TRAFF R/WORT REFURB & UPGR OF OFF	–	–	–	0%	–
UPGRADING OF ELECTRICAL – OLD MUTUAL	800	200	–	0%	800
UPGRADING OF ELECTRICAL – FIRE DEPART EL	800	200	–	0%	800
GARCIA FLATS – REFURBISHMENT	–	–	–	0%	–
SOFTWARE	200	200	–	0%	200
LAND ACQUISITION	15,000	9,000	2,766	-442%	15,000
CANNOPES MUNIFIN PLANN ENGINEERING	–	200	199	100%	–
OLD MUTUAL - UPGRADING OF ALL WINDOWS	1,300	1,300	1,135	-15%	1,300
CITY ENGINEERING BUILDING - TOILETS UPG	600	509	500	-20%	600
RE-ROOFING GONUBIE MAIN ADMIN BUILD	2,300	780	684	-236%	2,300
EAST LONDON MECHANICAL W/SHOPS REFURB	1,000	2,000	–	0%	1,000
REFURBISHMENT OF ORIENT COMPLEX	2,500	2,500	2,135	-17%	2,500
CITY ENGIN BUILD - REFURB SPALLING & PA	1,000	520	464	-115%	1,000
OLD MUTUAL - UPGRADING OF SHOPS	300	300	220	-36%	300
REFURB ALICE STREET TOWN HOUSES KWT	1,000	809	809	-24%	1,000
MDANTSANE MAIN COMPLEX RESURFACING	–	–	–	0%	–
SUNNYMEAD O/A HOME – NEW PARKING	2,000	1,800	1,597	-25%	2,000
KWT OLD AGE HOME - NEW PARKING	1,000	960	910	-10%	1,000
BISHO C/CENTR NEW REAR PARK AREA & PATHW	2,000	1,600	1,585	-26%	2,000
NEW DISABLED FACILITIES	–	–	–	0%	–
NEW FENC & SEC ACCESS – GARCIA FLATS	400	400	320	-25%	400
NEW FENC & SEC ACC- GONUBIE MUN O/A HOME	500	383	383	-31%	500
EXTEN – ABLUTIONS – CHISELHURST BMS DEPO	200	11	11	-1805%	200
EXTENS – WORKSH AT CHISELHURST BMS DEPOT	250	227	227	-10%	250
CONSTR – NEW OFF – CHISELHURST BMS DEPOT	2,550	62	61	-4079%	2,550

T 3.16.6

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

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) Bi annual florals display at Anne Bryant Gallery, Queens Park, City Hall, Esplanade, Crematorium, Alexander Rd, KWT Civic Centre and King William's Town

T 3.16.7

COMPONENT F:

HEALTH

Disclaimer: Tables 3.17.1 TO Table 3.18.7 are not applicable to BCMM.

3.17. CLINICS

Disclaimer: Tables 3.17.1 TO Table 3.18.7 are not applicable to BCMM.

3.18. AMBULANCES

Disclaimer: Tables 3.17.1 TO Table 3.18.7 are not applicable to BCMM.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABBATOIR LICENSING AND INSPECTIONS, ETC

Section 24 of the Constitution of the Republic of South Africa entrenches the right of all citizens to live in an environment that is not harmful to their health or well-being. Section 83 of the National Health Act, 2003 (Act 61 of 2003), defines municipal health services and clearly stipulates the responsibilities of municipalities in the performance of such services.

Environmental health comprises those aspects of human health, including quality of life, that are determined by physical, chemical, biological, social and psychosocial factors in the environment. It also refers to the theory and practice of assessing, correcting, controlling and preventing factors in the environment that can adversely affect the health of present and future generations. (WHO)

The identification, evaluation, control as well as prevention through education of all those factors in the total environment which exercise a detrimental effect on individual physical, mental and social well-being and development. It also implies continuous efforts to educate and prevent individuals from affecting the environment in such a way that it becomes detrimental to their well-being and development.

During the year under review the top three service delivery priorities for the department were:

- Health and Hygiene awareness campaigns
- Number of food samples taken and analysed
- Number of water samples taken and analysed

The impact these programmes had on the services delivery of the department resulted in:

- 1602 food samples were taken, tested and analysed at the National Health laboratory, Forensic chemical laboratory as well as at the Buffalo City Scientific Services laboratory and those vendors / service providers who were not in compliance were issued with compliance notices and subjected to re-inspections for compliance.
- 1391 water samples were taken tested and analysed at the National health laboratories and notices of non- compliance issued to those not complying with follow –up sampling conducted to ensure compliance.
- 107 formal premises were visited during the joint Law Enforcement Operations.

In terms of contributing to the principles of Batho Pele and poverty alleviation, the department held roadshows resulting in the promotion of health and hygiene awareness which was achieved through holding of health and hygiene events at Ward 35,10 & 13 where residents were collectively engaged in health and hygiene education in community halls

In order to fulfil its constitutional and legal obligations, the Buffalo City Metropolitan Municipality Environmental Health Services fulfils its mandate through highly qualified and skilled environmental health practitioners (EHPs). They provide and facilitate comprehensive, pro-active and needs-related services to ensure a safe, healthy and clean environment, thereby preventing and eliminating disease. They act as Public arbiters of Environmental Health standards, maintaining close contact with the communities they serve.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION

The top three service delivery priorities for the year under review for the department were:

- a) Health and Hygiene awareness campaigns
- b) Number of food samples taken and analysed
- c) Number of water samples taken and analysed

During the year under review the Municipal Health Services department successfully managed to meet its targets in relation to the above.

- a) 1602 food samples were taken, tested and analysed at the National Health laboratory, Forensic chemical laboratory as well as at the Buffalo City Scientific Services laboratory and those vendors /service providers who were not in compliance were issued with compliance notices and subjected to re-inspections for compliance.
- b) 1391 water samples were taken tested and analysed at the National health laboratories and notices of non- compliance issued to those not complying with follow –up sampling conducted to ensure compliance.
- c) 107 formal premises were visited during the joint Law Enforcement Operations.

The promotion of health and hygiene programme was also achieved through holding of health and hygiene events at Ward 35, 10 & 13 where residents were collectively engaged in health and hygiene education in community halls, however individual and small groups' engagements on health and hygiene awareness at taxi ranks, areas of business (hawkers) etc are also an ongoing effort.



The Municipal Health Services Department also undertook the following operational functions for the financial year 2017/2018:

Number of pauper burials	597
Number of Environmental Health Monitoring instances	8 065
Number of environmental health complaints	872
Number of food facilities monitored	4 463
Number of food samples	1 602
Number of food labels checked	5 056
Number of infectious disease investigations	34
Number of intimations	2 560
Number of environmental Health promotion activities	1 577
Number of land assessments	2 311
Number of residential premises monitored	1 109
Number of areas monitored for infestation	1 236
Number of rodent sewer & public space points baited	969
Number of rodent points baited & charged in premises	107
Number of s/pools treated for mosquito's & charged	10
Number of swamps cleared for mosquito breeding	101
Number of public spaces treated for mosquito & flies	899
Number of sewers treated for cockroaches	481
Number of rooms treated for insect pests & charged	369
Number of bee swarms eradicated in public spaces	51
Number of bee swarms eradicated & charged	21
Number of pollution control instances monitored	351
Number of pollution control intimations	234
Number of pollution control complaints investigated	245
Number of educare instances monitored	386
Number of educare related intimations	51
Number of formal training sessions conducted	43
Number of bee swarms eradicated in public spaces	51
Number of bee swarms eradicated & charged	21

T 3.19.2

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2016/2017		Year 2017/2018		Year 2018/2019		Year 2019/2020	
		Target	Actual	Target	Actual	*Current Year	Target	*Current Year	Target
Service Indicators		*Previous Year		*Previous Year					
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of integrated									
Municipal Health Service	Health & Hygiene Programme.	0	0	0	4	4	4	6	8
	Food sampling and analysis	1000	0	1000	1000	1413	1000	1200	1400
	Water sampling and analysis	1500	0	1500	1500	1391	1500	1800	2000
T 3.19.3									

Employees: Health Inspection and Etc.					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	12	13	13	0	0%
4 – 6	8	7	7	0	0%
7 – 9	6	6	6	0	0%
10 – 12	20	27	25	2	7.41%
13 – 15	6	6	6	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	1	1	0	0%
Total	53	58	57	1	1.72%

T 3.19.4

Financial Performance Year 2017/18: Health Inspection and Etc					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	306	24	24	35	31%
Expenditure:					
Employees	29,825	32,590	32,590	32,643	0%
Repairs and Maintenance	333	1,032	315	315	-228%
Other	3,136	5,046	3,824	3,388	-49%
Total Operational Expenditure	33,295	38,668	36,728	36,346	-6%
Net Operational Expenditure	32,989	38,644	36,704	36,311	-6%

T 3.19.5

Capital Expenditure: Year 2017/2018 Health Inspection and Etc					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	800	800	261	-207%	
AIR MONITORING STATION	800	800	261	-207%	800

T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc. OVERALL:

The Environmental Health Dept. had one operating project during the financial year 2017/2018 and no capital projects for the financial year reporting. The Municipal Health Services Plan Review was to be undertaken during the 2017/2018 financial year however this project was not completed within the financial year.

The top three operational projects namely, Health and Hygiene awareness campaigns, number of food samples taken and analyzed, and number of water samples taken and analyzed were successfully implemented during the year under review, resulting in the following impact these programmes had on the services delivery of the department:

- 1602 food samples were taken, tested and analyzed at the National Health laboratory, Forensic chemical laboratory as well as at the Buffalo City Scientific Services laboratory and those vendors /service providers who were not in compliance were issued with compliance notices and subjected to re-inspections for compliance.
- 1391 water samples were taken tested and analyzed at the National health laboratories and notices of non- compliance issued to those not complying with follow –up sampling conducted to ensure compliance.
- 107 formal premises were visited during the joint Law Enforcement Operations were successfully implemented by the department.

At a Media briefing on the 05th December 2017, the South African Minister of Health Dr Aaron Motsoaledi announced that there was an outbreak of Listeriosis – a disease caused by a bacterium found in soil, water, vegetation, etc. which contaminates food sources. As of 5 February 2018, a total of 852 laboratory confirmed ar dentat cases have been reported to.

T 3.19.7

COMPONENT G:

SECURITY AND SAFETY

INTRODUCTION TO SECURITY & SAFETY

Criminality in all ranks of life is widespread in BCMM and like so many cities in the world, Buffalo City Metropolitan Municipality is concerned with the growing threat of crime and violence and its impact on the safety and security of its citizens which is posing a serious threat to our democracy.

The issues of safety and security extend to the safety of individuals, people in their communities and to businesses in urban and rural contexts. The impact of crime on visitors & tourists to the City can be devastating for the tourism dependent economies.

Buffalo City Metropolitan Municipality area of jurisdiction is approximately 2 515km², with 68 km of coastline and in 2016 the boundaries of BCMM increased by an additional 26 rural villages. The total population of BCMM in 2016 according to Statistics SA was 834 997 residents. In 2016 according to Statistics SA, crime in BCMM indicated that 377 murders, 4 970 robberies, 8 544 house breakings, 542 theft of livestock, poultry and other animals and 864 theft of motor vehicles were recorded. Statistics indicates that robberies, house breakings and drug related crimes had increased dramatically in BCMM.

Unfortunately, crime prevention and community safety are not seen as a core municipal responsibility resulting in crime and safety measures and strategies rarely given priority status or a performance benchmark or sufficient budget. Community safety is not part of the back-to-basic strategy launched by the Dept. of Cooperative Governance and Traditional Affairs.

The Crime Prevention Strategy being implemented by BCMM seeks to address the high levels of crime which require strategies for addressing crime including both reactive strategies in responding to crime and proactive strategies and increasing the enforcement of by-laws.

The City has seen the roll out of CCTV in 2017/2018 along the City's main beachfront area, in the CBD area of East London and at certain strategic municipal installations where cash and monies are taken in on a daily basis. The future plans will see further enhancements and roll out of CCTV throughout the entire City which will take place over three years. All CCTV cameras have been linked to a 24-hour control room unit where 24-hour surveillance takes place. Incidents of crime taking place are relayed to SAPS and local Law Enforcement and dealt with immediately.

BCMM has also joined forces with the South African Police Service and Dept. of Home Affairs where joint planning operations with SAPS Cluster Office has seen a number of operations mainly in the CBD and North End area. These operations known as Operation Fiela deals with illegal immigrants, illegal spaza shops and taverns, who are investigated, and appropriate action taken against offenders not complying with BCMM by-laws and regulations and SAPS & Home Affairs policies and regulations.

Law Enforcement Services and Traffic with other law enforcement agencies through joint planning ensured that the provisioning of

safety and security is rendered during the big events as Buyel'Ekhaya Jazz Festival, The Ironman, Daily Dispatch Triathlon, The Legends Marathon, Test Cricket and PSL soccer games which took place within BCMM during the year under review. The said events are yearly events which require that both Law Enforcement Services and Traffic continue providing a professional service to ensure safety and security at these events thereby increasing tourism confidence in the City.

The role of communities in fighting crime in the City has been given the nod when Council approved the establishment of Community Safety Forums in BCMM on the 25 April 2018, BCMM Minute No 301/18. Community Safety in particular require participation of civil society within the Community Structures viz ward committees, ward safety forms and Community Policing Forums which will forge stronger partnerships between SAPS, communities, businesses and local law enforcement.

The application for the approval for the establishment of a Metro Police is still underway which will ensure the safety and security of BCMM people.

T 3.20

3.20 POLICE/LAW ENFORCEMENT

3.20.1. INTRODUCTION TO POLICE

BCMM cannot report on metro police as the function has not yet been established

PROGRESS TOWARDS THE ESTABLISHMENT OF METRO POLICE

On The 9 January 2017, a draft application was submitted to the Community Police Relations, Safety & Liaison, and Province of the Eastern Cape where after the final application was submitted to the M.E.C on the 23rd March 2017. The office of the HOD: H&PS&ES received a letter from the Director Community Police Relations Safety & Liaison Province of the Eastern Cape on the 18th July 2018. The letter in brief provided progress on the application of BCMM, the application was assessed in compliance SAPS Act and found BCMM to be compliant. The letter further indicated that a task team be established from the relevant departments to assess this application in relation to viability and feasibility, this process was to be completed by the end of August 2017.

In the year under review the Local Labour Forum met on the 14th July 2017 to consider the report for the Establishment of a Metro Police, and the application was agreed to in principal. On the 5th October 2017 a consultative stakeholder with National & Provincial Senior Management of SAPS regarding the legal aspect relating to Establishment of the Metro Police for consideration. A letter was submitted to the MEC office on the 17th April 2018 requesting an update. On the 27th June 2018 the Technical Task Team comprising of senior officials of COGTA, Safety & Liaison, Transport, Provincial Treasury and SAPS convened to make a final assessment, the HOD: H&PS&ES, Chief Financial officer as well as the GM: PS&PS represented BCMM in the meeting. The application was once again assessed by the Provincial Task Team and found to be compliant in terms of section 64 of the SAPS Act 68 of 1995.

It was envisaged during deliberations that the process with be completed at the end of August 2018.

The process of establishment of metro police is completed and currently waiting for determination of the MEC of Safety & Liaison.

Since Metro Police has not yet been established, BCMM will still be reporting as Traffic Services and Law Enforcement Services separately.

INTRODUCTION TO TRAFFIC SERVICES

Traffic Services who are regarded as peripheral to most police force assignments, participate in both authoritative intervention and symbolic justice. Traffic Services is a full-service department. With this in mind Traffic Services is different from the rest, with the core pillar being Traffic Law Enforcement and an Administration and Auxiliary Services as a support pillars provide Buffalo City Metropolitan and its people a variety of efficient, effective and responsive services.

Traffic Law Enforcement Pillar:

The aim and function of the Traffic Department is to control, regulate, educate and create a culture of voluntary compliance with road traffic rules and regulations and to enhance courteous and tolerant road user behavior.

Traffic officers who direct traffic or serve by providing traffic enforcement such the rules of the road, prosecute various infractions these traffic officers patrol major roads and address traffic infractions on the other roads. Our operational activities include roadblocks at strategic places, high visibility in hotspot areas, special intelligence driven operations, random vehicle check points, execution of traffic related warrants and enforcement of traffic laws.

Our operational approach is to co-ordinate and integrate operations, sporadic interventions in hotspot areas as per crime threat analysis e.g. offence patterns, etc. and special operations and speed enforcement in high accident frequency locations and high traffic offence locations, these special operations are in collaboration with various law enforcement stakeholders, this collaboration must be seen as joint efforts between traffic services and other bodies to ensure a safe and secure BCMM.

During the year under review the Traffic Department had a number of capital projects which was being undertaken & implemented. The three top priority projects were:

Construction of King William's Town Traffic Centre
Vehicle Test Station Equipment Upgrade
Traffic & Law Enforcement Equipment

The Construction of the King William's Town Traffic Centre was a multi-year project which was to be completed in the year under review however due to various issues relating to weather delays etc. the project could not be completed, and approval was granted to complete it in the 2018/2019 financial year. Once completed, this project will benefit the communities in the inland region whereby a comprehensive package of services will be available within the inland region thus alleviating the financial burden of communities having to travel to East London for services.

The enhancement and upgrade of the vehicle test station at East London was completed during the year under review and contributed towards bettering the services of vehicle testing rendered to communities within the coastal region.

The procurement and purchase of various law enforcement equipment was completed during the year under review resulting the department acquiring new body armor, dash cameras for traffic vehicles and breathalyzers. These much-needed equipment will assist our law enforcers to undertake their operations effectively and safely.

Traffic services prioritize offences that are classified as a notable crime that includes causing death and serious injury by driving offences of speeding, drink-driving, mobile phone use, safety belts, un-roadworthy vehicles.

The Auxiliary Services the support pillar to the Traffic Services Department manages the provision of office support and auxiliary services, this support branch manages the day-to-day operations of its designated sub-branches such as the Traffic fines management section, Driving/ Learner Licenses Test Stations, Vehicle Test Stations, technical section as well as the Registration & Licensing of Vehicles, these departments ensure an acceptable level of safety and transparency is adhered to through the enhancement of its services namely finalization of traffic fines, registration and motor vehicle licensing, vehicle roadworthy testing, renewals, applications of PRDP's driver & learners licenses and its processes.

The departments continuously endeavors to ensure that the highest levels of integrity is maintained and that procedures are followed thereby systematically reducing incidents of fraudulent and corrupt practices in all aspects which relate to the auxiliary services which further promotes efficient, effective services which are rendered to its people thus the bridging the understanding between the Provincial, National mandates which have been set for promoting safety accountability within the region.

Axillary services strive daily to better the commitment to the good citizens of Buffalo City Metro by ensuring that they are our priority, in the year under review this commitment was recognised at the 4th Annual Transport Awards when on the 25th April 2018 BCMM- East London Drivers Licence Testing Centre was informed that we were nominated as a finalist for the annual Transport awards 2018 in the category of Best Improved Licence Testing Centre. The department competed against 6 other municipalities, BCM was the only nominee for the Eastern Cape and on the 4th May 2018 a delegate from BCMM was sent to represent BCMM at the awards Ceremony which was held at the Indaba Hotel in Johannesburg. The Minister of Transport- Dr Blade Nzimande, Deputy Minister, HOD from Transport and other dignitaries were present.

T 3.20.1

SERVICE STATISTICS FOR TRAFFIC SERVICES

ROAD SAFETY PROGRAMS

In the year under review the number of road accidents have increased to 3994, the increase in road accidents can be attributed to several factors, namely road infrastructure, road furniture, limited man power, limited resources etc. Traffic services in the year under review have tried to combat these accidents by having regular road blocks and safety awareness/education campaigns which develops the knowledge, skills, attitudes as well as values that enable pedestrians, cyclists, motor cyclists, drivers, passengers to use the road safely.

Traffic Services continues to promote Traffic /Road safety education at our schools, scholars are not only pedestrians by also future road vehicle users, promoting road safety education at a scholastics level allows scholars to be aware of the rules of the road and dangers of not adhering to them, children and young adults are high involvement

in road crashes, receiving road safety education as part of their normal curriculum is recognised as being most effective by providing learners as well as educators with road safety knowledge. Each school program is customised to the needs of school being visited, these addresses issues such as importance of protective clothing enabling you to be visible, which side of the road is safe, various laws, importance of seat belts, usage of foot bridges. The educators of the schools also serve as assessors. The number of scholars engaged in the year under review was 66 522 with a total of 426 safety awareness campaigns held.



In the year under review Traffic services clamped down on infractions that occurred in our Metro by conducting several operations carried throughout BCMM as well as joint operations with external stakeholders, we were able to ensure that a zero tolerance would be taken to those who were found guilty.



Officer attending to a complaint, 4 inconsiderate driving, 1 vehicle failing to display number plate, 3 not having a driving licence.



Joint Police and Community operations, held in February statistics for the day, was 2 unlicensed vehicles, 2 failed to display disc, 2 vehicle suspensions, 1 overloaded vehicle, 1 using a cell phone, 1 failed to carry licence and 1 unroadworthy vehicle (tyre damage)

During the year under review Traffic Services in conjunction with various law enforcement stakeholders were presented and welcomed the opportunity to join forces for a joint operation with the communities, this allowed the community to take a collective action and generate solutions to common problems. The Community often evolves around taking these kinds of collection actions. The wellbeing of the community which allows the problems to be tackled at grass root level, by engaging the community it promotes Equity, Meaningful Participation, Integrity, Inclusion, Collaboration and thus bringing an understanding between Police, Law Enforcement and Traffic Services.

During the year under review BCM Traffic Services conjunction with SAPS conducted operation “Clean Up” 11 Liquor establishments were raided of which 10 were closed for not being possession of a business licence and fines where issued to the value of R 1000.00 each.

In the year under review Auxiliary Services has:

- a) Tested Roadworthy over 496 vehicles
- b) Tested over 16 195 learners with 11 005 passes and 5189 failing.
- c) Tested over 4842 drivers with 1935 passing and 2850 failing.
- d) 153 107 in total number of vehicles registered and renewed.
- e) Over 18 847 driver's cards issued
- f) Generated over R 15 037 341.92 in traffic fines income for the year under review. A total 38 908 of notices finalized

T 3.20.2

Traffic Services Data					
	Details	Year 2016/2017	Year 2017/2018		Year 2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	2659	2700	3994	
2	Number of by-law infringements attended	N/A	N/A	N/A	N/A
3	Number of traffic officers in the field on an average day	95	2700	108	
4	Number of traffic officers on duty on an average day	95	2700	108	

T 3.20.2

Traffic Services Data Sampling different times of the Day					
	Details- Shift system in place-(each team on duty is dependent on number of officers, number of leave, number on sick leave & resigned or retired)	Year 2016/2017	Year 2017/2018		Year 2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Mon- Friday 06h00-14h00		26	26	
2	Mon-Friday 12h00-18h30		25	25	
3	Mon- Friday- 15h30-00h00		17	17	
4	Mon- Friday- 08h00-16h00		8	8	
5	Sat- 07h30- 15h00		18	18	
6	Sat- 14h30-00h00		18	18	
7	Sun- 10h00-19h00		17	17	
8	Mon- Friday- 06h45-14h45 Traffic Wardens		20	20	
9	Number of officers in the office (Commander, Regional Commander & Snr Sups-Coastal & Inland)		3	3	

T 3.20.2

Law Enforcement Services Data					
	Details	Year 2016/2017	Year 2017/2018		Year 2018/2019
		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	73 172	35 000		
3	Number of law enforcement officers in the field on an average day	16	32		
4	Number of law enforcement officers on duty on an average day	16	30		

T 3.20.2

Law Enforcement Services- Data Sampling different times of the Day					
	Details- Shift system in place- (each team on duty is dependent on number of officers, number of leave, number on sick leave & resigned or retired)	Year 2016/2017	Year 2017/2018		Year 2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Mon- Friday 06h00-14h00				
2	Mon-Friday 12h00-18h30				
3	Mon- Friday- 15h30-00h00				
4	Mon- Friday- 08h00-16h00				
5	Sat- 07h30- 15h00				
6	Sat- 14h30-00h00				
7	Sun- 10h00-19h00				
8	Mon- Friday- 06h45-14h45 Traffic Wardens				
9	Number of officers in the office (Commander, Regional Commander & Snr Staff)				

T 3.20.2

Concerning 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 3.20.2.1

Traffic & Law Enforcement Services Policy Objectives Taken From IDP									
Service Objectives		Year 2016/2017		Year 2017/2018		Year 2018/2019		Year 2019/2020	
Service-Indicators	Outline Service Targets	Target		Target		Target		Target	
		*Previous Year	Actual	*Previous Year	*Current Year	*Current Year	*Current Year	*Current Year	*Following Year
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To ensure a safe and secure environment within BCM	% reduction in number of accidents in high collision areas	2690	2659	2421	2124	3994	10% reduction	10% reduction	10% reduction
Improve Road Traffic safety within BCM	Enhancement and upgrading of traffic facilities	Appointment of a contractor and contractor on site	BAC awarded tender	Appointment of a contractor and contractor on site	Progress towards construction of KWT Traffic Centre	100% practical completion (KWT Traffic Centre completed)			
Sustainable City to meet operating obligations	Implement Revenue Enhancement Strategies-Total increase in the amount of revenue collected for traffic fines income	R5,000,000.00	R10,540,157.00		R11,500,000.00	R14,729,642.21	R13,462,037.00		
Sustainable City to meet operating obligations	% progress towards installation of an integrated parking meter management system	N/A	N/A			Expression of interest submitted to Supply Chain Management to be tabled for review on the 21 September 2017			
Reduction in high crime rate within BCM	Implement a functional and operational Metro Police	-	-	-	Approved Metro Police	Approved application from MEC: Safety & Liaison not received as at 30 June 2017	Functioning Metro Police Service	Functioning Metro Police Service	Functioning Metro Police Service
	Number of areas covered by surveillance cameras	2	2	2	3	Completed installation of 17 Cameras at City Hall, 6 Cameras at Gomo Rent Offices, 6 Cameras at Beacon Bay Cash Office, 21 Cameras Munifin and 15 PTZ Cameras in EL CBD	3 – Completion of CCTV installation – EL CBD, West Bank & KWT Taxi Rank		
									T 3.20.3

Employees: Police Officers					
Job Level	Year 2016/2017	Year 2017/2018			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police Officers					
0 – 3	401	409	391	18	4.4%
4 – 6	181	195	184	11	5.64%
7 – 9	96	101	94	7	6.93%
10 – 12	29	34	30	4	11.76%
13 – 15	2	3	3	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	710	743	703	40	5.38%

T3.20.4

Financial Performance 2017/2018: Police					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	59,838	76,360	71,360	64,888	-18%
Expenditure:					
Police Officers					
Other employees	60,627	210,404	217,301	220,542	5%
Repairs and Maintenance	376	3,241	2,492	2,492	-30%
Other	8,338	19,367	14,683	14,817	-31%
Total Operational Expenditure	69,341	233,011	234,477	237,852	2%
Net Operational Expenditure	9,502	156,652	163,117	172,963	9%

T 3.20.5

Capital Expenditure 2017/2018: Police					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11,900	14,826	13,203	10%	
CONSTRUCTION OF NEW KWT TRAFFIC CENTRE	10,900	12,283	12,283	11%	10,900
VEHICLE TEST STATION EQUIPMENT	1,000	1,000	724	-38%	1,000
FIRE EQUIPMENT C/O	–	482	–	0%	482
VEHICLE POUND C/O		61	196	100%	196
VEHICLE TEST STATION EQUIPMENT C/O	–	1,000	–	0%	1,000

T 3.20.6

COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL:

Traffic Services promotes fair opportunities for growth within the department for staff and in the year under review saw the appointment of two female officers to ranks of Superintendent and Assistant Superintendent respectively.

During the year under review numerous challenges have been encountered in terms of ensuring that the department's budget has been entirely spent. The capital funds provided for the year under review was R 22 100 525.00 budget provided for:

- a) Traffic & Law Enforcement Equipment,
- b) Firearms,
- c) Construction of the KWT building,
- d) Vehicle test station equipment and the vehicle pound a total of R 13 715 840.00 was spent.

The King William's Town Traffic Centre

The USDG funded project of R 18 000 000.00 namely the Construction of the King William's Town Traffic Centre started on the 5th April 2017. The project was estimated to be concluded within fifty-two (52) weeks. However various delays were experienced during the final phase of the completion of the building such as 23 rain days' delay and 41 days of delay due to polished concrete sub-contractor absconding on this project. The building is currently at the final stage of completion with the final interior touches as well as exterior finishes being completed, the building is estimated to be completed in November 2018.



The contractor during the year under review performed well and time frames were met each month. Progress of the construction during the year

under review went well until final quarter due to the inclement weather and the sub- contractor defaulting.

Gonubie Traffic Pound

In terms of the Regulation 320 of the National Road Traffic Act (NRTA) 93/9196' vehicles that are left on a public road in apposition which is likely to cause danger or obstruction to other traffic or vehicles or left for a continuous period for more than seven days in the same place on a public road within and outside an urban area may be removed/impounded. In such instances vehicles are removed and are impounded at the Gonubie Traffic Pound. Failing to comply with section 90 of the National Land Transportation Act 5 of 2009, vehicle s that are not collected within 120 days from date of removal or if the owner of said vehicle cannot be traced are sold on public auction. During the year under review total of 1 128 vehicles were suspended from use according to Sec44. Total of 22 being sold at public auction.



Funding which was provided in the year under review for the completion of the Gonubie Pound offices were accommodated with ablutions on site as well as guard hut. The added structures to the Gonubie pound brought much relief for the staff and security on site.

Various traffic and law enforcement equipment was procured through the budget provided under the Traffic and Law Enforcement equipment budget. These included but not limited to body armour and bullet proof vests, shotguns, dash board cameras for vehicles and breathalysers.

SPECIAL EVENTS DURING THE YEAR UNDER REVIEW

With nearly 600 events covered by our traffic officers ranging from hosting the BRICS conference, Iron Man, Afrika Bike Week, escorts, road closures, fun run/big walk, etc. Traffic Services continuously provides support to Buffalo City Metro by ensuring that proper measures are in place when hosting local and international events.

T 3.20.7

LAW ENFORCEMENT SERVICES

INTRODUCTION TO LAW ENFORCEMENT SERVICES

BCMM Law Enforcement Services' is the collective team of professionals who are dedicated to upholding and enforcing the laws and statutes that are currently in force in a given jurisdiction. The core function of the Law Enforcement is enforcement that focuses on upholding and enforcing Municipal By-laws, protect Municipal assets and perform crime prevention. It is a component within the Directorate of Public Safety gazetted in terms of Government Notice No: 23143 R209 dated 19 February 2002.

At its core, law enforcement seeks to achieve its mandates set out, such as the enforcement to seek and to prevent the occurrence of a crime that is in some way damaging to another human being, Municipal assets or to society as a whole. Second, people employed in some enforcement capacity will seek to ensure suspected criminals are tried in a manner that is in compliance with local laws.

Its main office and community service centre are situated at No: 56 Tudor Rose Street in Braelyn, East London. The approved structure for Law Enforcement Services is composed of a ranking structure including the head who is a Commander, Regional Commander, a Senior Superintendent, Superintendent, Sergeants and Constables as well as Security Guards servicing the entire BCMM departments were integrated into Law Enforcement Services.

The Law Enforcement Dept had one major capital project during the year under review which was the Installation of CCTV Cameras in East London CBD, and various municipal buildings. This project under Contract 3112 realised the completion & installation of cameras at all BCMM cash taking offices namely Munifin Building, Gonubie Cash Offices, Gompo Cash Offices & City Hall.

Issues regarding ineffective safety and security measures at the City Hall have come to the fore recently resulting in the request from the Metro's Leadership to ensure that effective security measures are implemented as a matter of urgency hence the roll out of security cameras throughout City Hall.

SERVICE STATISTICS FOR LAW ENFORCEMENT SERVICES

INFRINGEMENT	STATISTICS
Theft, robbery, assault, shoplifting	44
Drunk and disorderly	417
Liquor outlets inspected	651
Illegal electricity actions	10318
Squatter inspections	194
Vagrant complaints	511
DIC	8
Contravention of bylaws	15515
Marches/picketing – Gatherings Act	48
Total	27706

As it is known to the City, Illegal structures are rife and, in an attempt, to minimize the erecting of these structures, in year under review Law Enforcement have had numerous operations in terms of dismantling illegal structures and so far 194 shacks have been dismantled.

A collective approach to crime prevention with other stakeholders namely, SAPS, Traffic Services, Health Department & Fire Department have ensured that a visible presence is maintained to curb such illegal activities. During these raids various dangerous and illegal contraband have been confiscated and placed in SAPS.

PROGRESS WITH CCTV

The Department has a working CCTV monitoring room at the East London Fire Station precinct which is capable of monitoring CCTV footage in the CBD. There are approximately twenty-one live CCTV cameras at the moment. Currently a contract is underway for the roll out of CCTV in the CBD and various municipal buildings which include City Hall, Gomo Pay Office, Beacon Bay Office, Munifin building and the Licencing section next door to the Munifin. A new tender is being drawn up which will ensure the installation of CCTV Surveillance Cameras in the entire Buffalo City Metropolitan area over a multi – year operation and funding will be provided in the Capital Budget.

The CCTV section has assisted in the closure of a “drug den” by SAPS in Kimberly Road due in large part to the footage collected on activity at this address. A suspect was also arrested for Dealing in Narcotics and ar den. 150g of dagga was seized thanks to the efforts of the CCTV personnel monitoring the activity at upper Oxford Street. There has been a significant drop in contact crime on the beach front since the CCTV cameras came into operation on the esplanade. The activity that has been monitored and actioned are the car washers, vagrants, and even squatters in the bush near the Hera’s Park. Vandalism has also decreased due to the CCTV activities. The Highway Taxi Rank has had a few drive by shootings that have been fatal but the general crime in this sector has remained low.

The personnel at the CCTV section had 12 constables with 1 sergeant and 1 superintendent in February which was increased in June to 19 constables, 2 sergeants and 1 superintendent. The increase in personnel has a direct impact and effectiveness of the CCTV section and as the section adds cameras to different sectors so will the personnel increase.

COMMENT ON THE PERFORMANCE OF LAW ENFORCEMENT SERVICES OVERALL:

During the year under review the department realised the completion of the installation of 17 Cameras at City Hall and 6 Cameras at Gomo Rent Offices, 6 cameras at Beacon Bay, 21 cameras at Munifin Building.

The installation of the security cameras at all municipal cash taking offices is to deter any form of theft and robberies which could occur at these high-risk areas.

The installation of security cameras at the City Hall was completed during the year under review. The primary goals of these measures are to maintain an accessible, safe and secure East London City Hall, while providing a reasonable level of protection from foreseeable threats as well to ensure the safety & security of the Political Leadership of the Metro.

The IDP five-year targets set for the provision & installation of CCTV security cameras throughout BCMM is being attended to with provision of budget catered up until 2019/2020. It is anticipated that funding for the outer years will be approved to ensure that the City can fulfil its obligation of providing safety and security across the entire BCMM jurisdiction.

Also there has been an increase on service delivery protests, illegal connection of electricity, armed robberies, house breaking and theft in business premises and illegal occupation of land belonging to Council which occur at sporadic periods, at times during the early hour of the mornings and at night. Joint operations with stakeholders with the following statistics:-

INFRIDGEMENT	STATISTICS
Theft, Robbery, Assault, Shop lifting	44
Drunk and Disorderly	417
Liquor outlets inspected	651
Illegal Electricity actions	10318
Squatter inspections	194
vagrant complaints	511
DIC	8
Contravention of By laws	15515
Marches/Picketing- Gatherings Act	48
TOTAL	27706

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Buffalo City Fire and Rescue Services operate seven fire stations throughout Buffalo City's area of jurisdiction with the fire stations being situated at Fleet Street, East London; Greenfields, Dunoon Road, Western Avenue, NU6 Mdantsane, Dimbaza and King William's Town. The fire stations are manned twenty-four hours a day and seven days a week. All emergency calls are directed to a central control room at the Fleet Street Fire Station on telephone number 043-7059000. Regardless of in which area an incident is, the despatchers in the control will dispatch the nearest available fire engine to an incident. This first response is then backed up by additional fire engines if necessary.

Incidents responded to by the Fire and Rescue Services are:

- a) fire incidents
- b) serious motor vehicle accidents
- c) hazardous materials incidents
- d) water rescue and/or recovery of bodies, and
- e) rescue incidents, e.g. high angle rescues

T 3.21.1

SERVICE STATISTICS: FIRE & RESCUE SERVICES:

During the 2017/18 period, the Fire and Rescue Services provided a wide range of services to the communities of Buffalo City. The most important of these being in respect of fire risks and/or suppression of fires.

Fire incidents attended to during this period were:

Residential dwellings	192
Vegetation/grass fires	938
Commercial fires	44
Informal dwellings	570
Refuse/illegal fires	136

Other incidents attended to were:

Motor vehicle accidents	207
Special services, e.g. pumping water from flooded houses	26

An important function of the Fire and Rescue Services is the prevention of fires through fire safety and training. In this regard the following activities were undertaken:

Building plans inspected	208
Trade licence applications processed	274
Fire safety and flammable installations inspected	2471
Lectures/demonstrations to the public	74

The training section of the Fire and Rescue Services continues to deliver fire related training to the public and in particular, commerce and industry. The training listed below was provided to a total of ninety-five people:

- Fire instructor
- Hazardous Material awareness

Identifying the ongoing need for the procurement as well as maintenance of fire rescue vehicles, Fire and Rescue Services commenced with the procurement of 1 Major Pumper (procurement is ongoing) as prescribed within the Integrated Development Plan of BCMM. Reporting on this indicator was submitted for quarter one and quarter two of the 2017/18 SDBIP (Service Delivery and Budget Implementation Plan) only as this indicator was later removed for reporting purposes due to it being operational in nature. Fire and Rescue Services finalised the procurement of 2x Bush Tenders.

Major repairs to existing fleet as necessitated, were undertaken during 2017/18 in terms of the SCM procurement policy and made possible by the availability of funding.

Metropolitan Fire Service Data					
	Details	Year 2016/17	Year 2017/18		Year 2018/19
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	2297	2000	1880	1900
2	Total of other incidents attended in the year	128	110	233	90
3					
	Average turnout time - urban areas	14 min	12	11	12
4					
	Average turnout time - rural areas	25 min	25	20	25
5	Fire fighters in post at year end	142	153	141	150
6	Total fire appliances at year end	25	28	27	32
7	Average number of appliance off the road during the year	6	0	4	4
					T 3.21.2

Concerning T3.21.2

Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analyzing the record. Average Fire appliances off the road. The average number of fire appliances off the road is obtained by sampling the number off the road on different days at different times.

T3.21.2.1

Fire Service Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		Year 2016/17		Year 2017/18		Year 2018/19	Year 2020/21
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (2015/16) (iii)	2016/17 (iv)	*Previous Year (2016/17) (v)	*Current Year (2017/18) (vi)	(2017/18) (vii)	*Current Year (2018/19) (viii)	*Current Year (2019/20) (ix)	*Following Year (2020/21) (x)
Service Objective xxx									
Turnout time compared to National guidelines	% turn out within guidelines (total number of turn outs)	T1% within guidelines or A0% if that is larger	70% within guidelines or A0% if that is larger	T1% within guidelines or A0% if that is larger	75% within guidelines or A1 if that is larger; (xxxx emergency turn outs in year)	75% within guidelines or A1 if that is larger; (xxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxx emergency turn outs in year)
	Response time to fire incidents in line with South African National Standard (SANS) requirement	8 min (high risk)	14 out of 59 calls were responded to within the 8 minutes	8 min (high risk)	8 min (high risk)	31 out of 81 calls were responded to within the 8 minutes	8 min (high risk)	8 min (high risk)	8 min (high risk)
		14 min (medium risk)	18 out of 42 calls were responded to within the 10 minutes	14 min (medium risk)	10 min (medium risk)	33 out of 50 calls were responded to within the 10 minutes	10 min (medium risk)	10 min (medium risk)	10 min (medium risk)
		23 min (low risk)	721 out of 2060 calls were responded to within the 23 minutes	23 min (low risk)	23 min (low risk)	610 out of 1749 calls were responded to within the 23 minutes	23 min (low risk)	23 min (low risk)	23 min (low risk)
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 3.21.3

Employees: Fire Services					
Job Level	Year -2016/2017	Year 2017/2018			
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	10	11	7	4	36.36%
4 – 6	37	36	33	3	8.33%
7 – 9	111	121	115	6	4.96%
10 – 12	11	12	11	1	8.33%
13 – 15	5	7	5	2	28.57%
16 – 18	1	1	1	0	0%
19 – 20	3	2	2	0	0%
Total	178	190	174	16	8.42%

T3.21.4

Financial Performance 2017/18: Fire Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	68,689	88,321	72,517	57,198	-54%
Expenditure:					
Fire fighters					
Other employees	81,428	86,270	85,309	82,910	-4%
Repairs and Maintenance	1,816	2,549	1,759	1,759	-45%
Other	28,249	31,333	6,220	5,699	-450%
Total Operational Expenditure	111,493	120,152	93,288	90,367	-33%
Net Operational Expenditure	42,804	31,830	20,771	33,169	4%

T 3.21.5

Capital Expenditure 2017/2018: Fire Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11,200	11,412	3,592	-212%	11,200
FIRE ENGINE	9,000	9,000	1,475	-510%	9,000
FIRE EQUIPMENT	1,000	1,175	1,130	11%	1,000
REFURBISH & REHAB – FIRE INFRASTRUCTURE	1,200	1,200	987	-22%	1,200
FIRE ARMS: EMERGENCY OFFICES C/O	–	37	–	0%	–
FIRE EQUIPMENT C/O	–	482	–	0%	–

T 3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

In addition to its firefighting capacity, the Fire and Rescue Services continues to perform across all aspects of a Fire Brigade Service. In this regard, the aspects listed below all contributed to the performance of the Fire and Rescue Services.

Vehicles and Equipment Procured

The following capital projects namely, vehicles and equipment was procured during the 2017/18 financial year in order to supplement existing equipment: -

4x4 Bush Tenders	2
30 metre lengths of fire hoses	75
Heavy duty air hammer rescue tool	1
Chainsaws	4



Fire & Rescue Services also commenced with the procurement of a Major Pumper during the 2017/18 financial year in accordance with prescribed IDP objectives. This procurement is currently ongoing.

The five-year IDP makes provision for the procurement of specialized fire fighting vehicles up until the 2020/2021 financial year. However, it is anticipated that the procurement of specialized fire fighting vehicles will be a continuous process until all aged and obsolete fire fighting vehicles are replaced and the City is well equipped in terms of meeting the safety standards for the entire Metro.

In addition, the Emergency Services System in the Control Room, which comprises amongst others, a call receiving and call logging capability, was upgraded. The upgrading included installation of public address systems and computers at the satellite or sub stations. This, once fully rolled out, will enhance the response time to incidents.

Training

A total of fifty-five personnel received various training.

Fire Safety Activities

Activities undertaken by the Fire Safety section were primarily as follows:

- Inspection of building plans 829
- Emergency evacuation drills 27
- Arson investigations 20
- Inspection of fire hydrants 555

Water Rescue / Dive Unit

The dive unit is fully operational with nine certified divers. The primary functions of the dive unit is search and recovery in respect of drowning incidents in conjunction with the South African Police Services, however, there are instances when the dive unit is the only responder. In addition to search and recovery the dive unit assists at over-crowded beaches over the New Year's Day period.

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Disaster Management is defined in legislation as a continuous and integrated multi-sectoral, multi-disciplinary process that plans and implements:

- a) Prevention of disaster risk
- b) Mitigation of the severity and consequences of disasters
- c) Emergency preparedness
- d) Rapid and effective response
- e) Post disaster recovery and response

This is achieved through the four key performance areas and three enablers of the National Disaster Risk Management Policy Framework, namely:

- a) Build Institutional capacity
- b) Risk Assessment
- c) Risk Reduction
- d) Response and Recovery
- e) Information Technology and Communication
- f) Education, Training, Awareness and Research
- g) Funding for Disaster Risk Management

The Disaster Management Dept had two capital projects implemented during the year under review namely Radio Network and Early Warning Systems which were not completed at the end of the year due to challenges experienced during implementation of the projects. These projects were for the appointment of consultants to complete a Master Plan for the radio network and early warning systems.

During the period under review the Disaster Management Ward Forum was established and two meetings were set for the year, albeit that only one meeting was convened.

As in previous years, the distribution of disaster relief packages was a primary function of Disaster Management with disaster relief being distributed to one thousand five hundred and twenty-five victims resulting from one hundred and ninety-six fires which destroyed four hundred and seventy-four structures (shacks) in primarily informal areas.

Ward Councillors are actively involved in situations where affected persons require relief. In these instances, the Ward Councillors collect the victim's information e.g. gender, age and losses incurred, which is then forwarded to the Disaster Management, who then forwards the relevant information to the South African Social Security Agency, BCMM Human Settlements Directorate and if applicable, the Infrastructure Directorate (Roads and Stormwater Department). Disaster Management is also involved in most – if not all – planning meetings in respect of safety and security at events and in particular, events held in terms of the Safety at Events Act.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Two contracts, namely the Design and Implementation of an Early Warning System and the Design and Implementation of a Tactical Radio Network, were awarded during the period under review, however the designs are only scheduled for completion in the second quarter of the 2018/19 financial year, where after the contracts for implementation thereof will be advertised.

With disaster management being a cross-cutting function, the Disaster Management Department is actively involved in numerous activities and meetings. A summary of the service statistics for the 2017/2018 period is as follows:

Meetings attended

Personnel attended twenty-nine meetings ranging from Bulk Liquid Forum meetings to Provincial Disaster Management Advisory Forum.

Safety at Events

A total of three hundred and eleven events planning meetings were attended throughout Buffalo City with personnel being in attendance at sixty Venue Operations Centres e.g. State of Metro Address, Buyel'Ekhaya, soccer matches, visits by the State President and many more.

In addition, Disaster Management was involved in the following:

- a) Presented and participated in nineteen emergency planning exercises
- b) Facilitated and participated in ten emergency exercises
- c) Conducted four table top simulations

Training

Training remains an important aspect of the working environment. In this regard Disaster Management personnel attended six training sessions on various issues. Event Safety training was conducted for thirty students from the Walter Sisulu University.

T 3.22.2

(Targets based on the approved budget, hence targets set on the IDP are going to be achieved within the approved budget. Should there be any variance, budget adjustment is done through the mid-year budget adjustment process).

Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		Year 2016/17		Year 2017/18		Year 2018/19		Year 2020-2021	
				Target	Actual	Target		Actual	Target		
		Service Indicators (i)			*Previous Year (2015/16) (iii)	2016/17 (iv)	*Previous Year (2016/17) (v)	*Current Year (2017/18) (vi)	(vii)	*Current Year (2018/19) (viii)	*Current Year (2019/20) (ix)
Service Objective xxx											
To Promote an environmentally friendly city	Number of disaster management structures initiated/established	2	2	2	2	2	2	2	2	2	
To Promote an environmentally friendly city	Establish fully functional Disaster Management Centre Early Warning System	Establish and implement Early Warning System	Nil	Establish and implement Early Warning System	Establish and implement Early Warning System	Service provider appointed to develop implementation plans	Implementation of system	Implementation of system	Implementation of system	Ongoing implementation	
To Promote an environmentally friendly city	Establish fully functional Disaster Management Centres Tactical Radio Network	Establish and implement Tactical Radio Network	Nil	Establish and implement Tactical Radio Network	Establish and implement Tactical Radio Network	Service provider appointed to develop implementation plans	Implementation of system	Implementation of system	Implementation of system	Ongoing implementation	
To Promote an environmentally friendly city	Community Based Risk Reduction	Nil	Initiation briefing conducted	Project initiation	Ward 1 & Ward 2	Ward 1 & Ward 2 assessor training conducted	Ward 6 & Ward 7	Ward 10 & Ward 15	Ward 29 & Ward 5		
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 3.22.3									

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	2	3	3	0	0%
7 – 9	1	0	0	0	0%
10 – 12	1	2	1	1	50%
13 – 15	1	1	1	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	6	7	6	1	14.29%
T3.22.4					

Financial Performance 2017/2018: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1	23	0	2	-1142%
Expenditure:					
Employees	113,351	115,589	123,417	128,964	10%
Repairs and Maintenance	689	764	645	640	-19%
Other	4,036	4,887	3,851	5,396	9%
Total Operational Expenditure	118,077	121,239	127,913	135,001	10%
Net Operational Expenditure	118,075	121,217	127,913	134,999	10%
T 3.22.5					

Capital Expenditure 2017/2018: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5,805	14,971	3,753	-55%	
RADIO NETWORK	800	640	–	0%	800
EARLY WARNING SYSTEMS	800	695	–	0%	8
DISASTER MANAGEMENT: EVENT SAFETY EQUIPM	105	105	–	0%	105
DISASTER MANAG: EVENT SAFETY EQUIP C/O	–	82	80	100%	82
CLOSED CIRCUIT TELEVISION NETWORK – CCTV	3,5	3,5		0%	3,5
TRAFFIC AND LAW ENFORCEMENT EQUIPMENT	600	600	286	-110%	600
CLOSED CIRCUIT TELEVISION NETW – CCTV C/		7,874	2,545	100%	7,874
FIRE ARMS: EMERGENCY OFFICES C/O		37	–	0%	37
OFFICES: EMERGENCY SERVICES C/O		86	85	100%	86
TRAFFIC AND LAW ENFORCEMENT EQUIP C/O		1,352	757	100%	1,352
T3.22.6					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

Over and above the large number of meetings and interactions with the communities Disaster Management performed substantially in respect of two projects. The first one being a week-long training course titled Community Based Risk Reduction, entailing the training of seventeen community risk assessors from Wards One and Two. The assessors will ultimately assist with the assessment during times of “disasters”.

Secondly, a three-day Event Safety Workshop to define roles and responsibilities when establishing an Event Safety Technical Task Team was held from 12 to 14 June 2018. The workshop was attended by eighty-four stakeholders which included inter alia, BCMM personnel, members of the South African Police Service, EMS (Ambulance) personnel and security companies. The workshop was presented by BCMM Disaster Management who were assisted by Disaster Management specialists/trainers from the City of Cape Town and Nelson Bay Metropolitan Municipality.

Two contracts, namely the Design and Implementation of an Early Warning System and the Design and Implementation of a Tactical Radio Network, were awarded during the period under review, however the designs are only scheduled for completion in the second quarter of the 2018/19 financial year, where after the contracts for implementation thereof will be advertised.

The Early Warning System will see the establishment of numerous weather stations which will provide warnings in respect of pending severe storms (winds) and flooding.

The Tactical Radio Network will be the upgrading and expansion of the two-way radio network by upgrading the repeater sites and the procurement of new radios in order to ensure that there is two-way radio coverage throughout Buffalo City's area of jurisdiction.

In terms of the Municipal by Law relating to the keeping of dogs promulgated in the Provincial Notice 496 dated 14 October 1948 as amended and repealed, the words and expression used in the By-Law had a new meaning assigned to it, namely Dog Tax Ordinance 19 of 1978. In the year under review a total of 148 Dog tax adjustments were done based on inspections. A total of 72 dog complaints were investigated (these related to excessive barking, nuisance dogs, dogs not kept under proper control). Any adjustment needed were done on municipal accounts and consumers credited if on upon investigation no dogs were found on the property.

All Environmental Health Practitioners as well as the Environmental Pollution Officers deal with noise complaints/investigations.

Inzekile Environmental Health Management System, recorded the following noise complaints and corrective measures taken:

Total noise complaints investigated 2017/2018	=	7
Noise complaints resolved 2017/2018	=	6
Notices served on offenders	=	4

146 Complaints were received, investigated and actioned by Environmental Health Practitioners.

T 3.22.7

COMPONENT H:

SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

BCMM provides socially inclusive sport and recreation services to its residents. Driven by the need to build social cohesion and promote an active citizenry, the City prioritises access to sport and recreational facilities. In response to the mandate of providing access to facilities for communities, the City offered competitive and market related tariffs to sport and recreation stakeholders for use of its sport and recreation facilities.

Such facilities include sport stadia, swimming pools, beaches, etc.

There are five public swimming beaches that is serviced by lifeguards all year round. The beaches are Nahoon Beach; Gonubie beach, Bonza bay Beach, Eastern beach and Orient pay beach. These beaches with the exception of Orient Beach are all in a very natural state with very little manmade structures. Thus, the natural beauty of the beaches

is largely preserved. Other beaches are serviced during the festive season and have lifeguards for this period depending on availability of funds and lifeguards. Some of these beaches have boardwalks and picnic areas close to the surf area. These boardwalks and picnic areas are popular with locals and tourists outside Buffalo City. The beaches are also amongst the most popular surfing spots in the country.

There are 31 formal and 49 informal inland sports facilities. The informal sports fields are non- tariff levying.

The sports facilities cater for a variety of sports codes such as: rugby, soccer, netball, tennis, hockey and cricket amongst others. Local sports associations, regional sports associations, provincial federations and national federations utilize the various facilities. Stadia such as Sisa Dukashe Stadium hosts major sports events such as the Premier Soccer League matches, Inter provincial rugby etc.

Zwelitsha, King William's Town, Ruth Belonsky and Joan Harrison Pools, cater for the community recreational needs and sports users.

Ruth Belonsky and Zwelitsha Pools are 25 m pools, whilst King William's Town and Joan Harrison Pools are 50 m pools. Joan Harisson Pool has an Olympic standard pool, diving pool, water polo pools and a kiddie's splash pool. The pools have hosted major aquatic competitions at a national level and are also popular during the summer vacations with the local users.

Ginsberg sports fields floodlights were upgraded on the February 2018

Orlando sportsfield was upgraded in May 2018 (soccer playing field, ablutions, fencing and netball courts).

Joan Harrison Swimming Pool chlorination system installed in May 2018.

The impact in terms of service delivery priorities as listed above was due to putting better planning systems in place and commencing projects earlier than previous years which resulted in greater efficiencies.

In terms of support given to communities living in poverty, NPO's and CBO's that apply for free use of sports and recreation facilities to the Executive Mayor are normally approved so that these facilities are accessible to those that cannot afford them

T 3.23.

3.23. SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

The key statistics relating to the City's efforts towards promoting access to sports and recreational facilities, supporting sports initiatives and maintaining recreational facilities include:

- The sport facilities had about 140 800 visitors during the period under review.
- The Zoo had about 55 010 visitors.
- About 11 084 people visited the aquarium.
- Our beaches had about 52 170 visitors and pools attracted 45 874 visitors.
- The municipality received 154 registration applications for boat licences.

T 3.23.1

Service delivery objective	Outline Service Targets	Year 2016/17	
		Target	Actual
Tourism opportunities exploited in high value niche products	Number of Swimming Pools upgraded	3	3
	Number of Zoo Facilities upgraded	3	3
	Number of Nature Reserve Facilities Upgraded	2	2
	Number of Sports Facilities Upgraded	4	4
	Number of Beaches Facilities Upgraded	2	2

Service delivery objective	Outline Service Targets		Year 2017/18	
		Previous	Target	Actual
Tourism opportunities exploited in high value niche products	Number of Swimming Pools upgraded	3	5	5
	Number of Zoo Facilities upgraded	3	5	4
	Number of Nature Reserve Facilities Upgraded	2	3	0
	Number of Sports Facilities Upgraded	4	8	8
	Number of Beaches Facilities Upgraded	2	4	4

Service delivery objective	Outline Service Targets		Year 2018/19	
		Previous	Target	Actual
Tourism opportunities exploited in high value niche products	Number of Swimming Pools upgraded	5	7	-
	Number of Zoo Facilities upgraded	4	6	-
	Proportion of biodiversity priority areas protected	0	100%	-
	Number of Sports Facilities Upgraded	8	4	-
	Number of Beaches Facilities Upgraded	4	4	-

T 3.23.2

Employees: Sport and Recreation					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	160	167	151	16	9.58%
4 – 6	69	74	68	6	8.11%
7 – 9	36	41	36	5	12.2%
10 – 12	7	7	6	1	14.29%
13 – 15	2	4	2	2	50%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	275	294	264	30	10.2%

T3.23.3

Financial Performance 2017/18: Sport and Recreation					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3,405	5,909	5,909	3,751	-57%
Expenditure:					
Employees	57,583	53,463	60,963	66,629	20%
Repairs and Maintenance	3,826	4,102	5,421	6,190	34%
Other	8,878	10,777	10,678	9,893	-9%
Total Operational Expenditure	70,287	68,342	77,062	82,711	17%
Net Operational Expenditure	66,881	62,434	71,153	78,959	21%

T 3.23.4

Capital Expenditure : Sport and Recreation					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	32,606	30,857	21,024	-55%	
Development of Master Plan, rehabilitating of electrical, mechanical, plumbing engineering plant and equipment of swimming pools	3,500	3,000	1,306	()	35,000
Orlando stadium: Installing of electrical irrigation, soccer goalpost, corner flags, line marker etc., portable stands, construction of the ablutions	3,640	3,640	3,200	()	3,640
Refurbishment of Swimming Pools	3,650	2,402	1,946	()	3,650
Upgrading and Development of BCMM Sportfleds and Swimming Pools – Replacing Existing Assets	10,000	10,000	6,971	()	10,000
Swimming Pools – Office, Plant and Equipment	6,300	6,300	4,887	()	6,300
Floodlights (Victoria Grounds, Jan Smuts Stadium, Ginsberg Sportsfields, Gompso Stadium, Amalinda Stadium, Foster Stadium, Selborne Tennis Park, Bunkers Hill Sportsfields)	1,266	1,266	1,042	()	1,266
Orlando Stadium: Construction of the ablutions Refurbishment of boundary wall and gates, Caretaker cottage, Installation of floodlights, Rehabilitation of playing surface	2,750	2,750	961	()	2,750
Upgrading of Beaches Facilities	1,500	1,500	709	()	1,500
					<i>T 3.23.5</i>

COMMENT ON THE PERFORMANCE OF SPORT & RECREATION OVERALL

The following 4 capital projects were undertaken during the year under review: -

- Upgrading and Development of sports facilities
- Upgrading of Orlando sports field
- Refurbishment of Swimming Pools
- Upgrading of Beaches

There were no variances in the planned budget and targets in terms of the above capital projects, as all the projects were completed

T 3.23.6

COMPONENT I:

CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

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.

T 3.24

3.24 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

During the year under review, Council and Executive set out the following key service delivery priorities. It should however be noted that the Executive does not implement service delivery projects but rather Good Governance targets.

The following priorities were identified:

1. To promote the competitiveness of various industries and increase export potential
2. Number of programmes implemented in partnership with Civil Society
3. Number of trainings provided for Ward Committees

The abovementioned priorities were set in line with the vision of a Well Governed city. Due to declining levels of employment the City prioritised the revitalisation of industries to expand the job market and promote investment within the Metro.

In terms of achievement:

1. Dimbaza Industrial Area has been supported within the year under review;
2. Community Dialogue was established to create a platform for community engage;
3. Ward Committees had two training sessions for effective community participation

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

The adoption of the Separation of Powers 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.

T 3.24.2

The Executive and Council Policy Objectives Taken From IDP										
Service Objectives		2016/2017		2017/2018		2018/2019		2020/2021		
Service-Indicators	Outline Service Targets	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Service Objective										
A Well Govern City	Number of Training Session Provided for ward committees	0	0	0	2	2	2	4	4	
	Number of Waste Cells Constructed	1	1	1	1	1	1	1	1	
An Innovative and Productive City	Number of Arts, Culture and Heritage Project Implemented	13	13	13	13	13	14	15	15	
A Connected City	KM of Gravel Roads Rehabilitated	80km	80Km	80Km	80KM	80.2Km	20Km	20km	20km	
A Spatially Integrated City	Number of Community Halls Upgraded	0	0	0	5	5	6	6	6	
T 3.24.3										

Employees: The Executive and Council					
Job Level	Year -16/17	Year 2017/ 2018			
	Employees	Posts 17/18	Employees 17/18	Vacancies (fulltime equivalents)17/18	Vacancies (as a % of total posts)17/18
	No.	No.	No.	No.	%
0 – 3	17	18	17	1	5.55%
4 – 6	43	78	70	8	10.25%
7 – 9	31	43	36	7	16.30%
10 – 12	17	17	13	4	23.53%
13 – 15	6	8	6	2	25%
16 – 18	10	15	13	2	13.33%
19 – 20	1	2	2	0	0
Total	125	181	157	24	13.26%
T 3.24.4					

Financial Performance: The Executive and Council					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20,035	6,545	34,378	31,518	79%
Expenditure:					
Employees	119,433	146,485	150,991	93,824	-56%
Repairs and Maintenance	1,726	3,811	1,481	1,321	-188%
Other	131,087	162,808	167,831	217,099	25%
Total Operational Expenditure	252,246	313,103	320,303	312,244	0%
Net Operational Expenditure	232,211	306,559	285,925	280,726	-9%
T 3.24.5					

Capital Expenditure 2017/2018: The Executive and Council					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3	7,229	2,196	-0.37	
UPGRADING OF SWEDISH PROJECTS C/O	–	229	–	–	229
OFFICE FURN & EQUIP (CITY HALL) C/O	–	1,3	1,221	1	1,3
PARK HOMES FOR COUNCILLORS C/O	–	1,2	–	–	1,2
OFFICE FURN AND EQUIPMENT (DIRECTORATE)	500	500	412	-0.21	500
OFFICE FURN AND EQUIPMENT (COUNCILLORS)	2,5	3	562	-3.45	3
OFFICE FURNITURE & EQUIPMENT(SPEAKERS)	–	1	–	0%	1
T3.24.6					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

In pursuit of promoting public accountability and broadening public participation, Council demonstrated a strong commitment to community-centred participatory approaches in the management of the municipality. Extensive involvement of communities in municipal planning through established institutional arrangements demonstrated the City's commitment to the promotion of public accountability. In this regard, significant strides were made in engaging communities through the utilisation of various governance structures at both the Executive and Legislative components of Council.

This ensured active participation of communities in the development of their areas and ensured that the municipality is accountable to the public. Amongst others, the following included the initiatives undertaken to demonstrate the municipality's commitment to providing the community with information concerning issues of municipal governance, management and development. Consistent monthly Council meetings were held to discuss Council business and all Oversight Committees convened meetings regularly in accordance with the scheduled calendar.

The Mayoral Committee convened its meetings regularly attempting to follow the calendar to process items for Council consideration and take necessary decisions in line with the dictates of the systems of delegations.

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Buffalo City Metropolitan Municipality prides itself on having put in place modern financial governance models in line with the legislative framework, good corporate governance and financial management systems and processes that follow best practice. Integrity and accountability are the core values driving the Buffalo City Metropolitan Municipality. Corruption, dishonesty, misconduct and/ or any unethical behaviour among officials and public office bearers represents serious threats to the basic principles and values of governance.

In the Buffalo City Metropolitan Municipality, the multi-year budgeting process is informed by the long-term strategic plan contained in the GDS 2030. The GDS is cascaded down to the five-year IDP. The IDP is narrowed down to the annual SDBIP that informs performance agreements of senior managers within the City. This coherent planning and budgeting process ensure that programmes and projects of the City are implementable, and all key stakeholders are held to account for resources entrusted to them.

It is always the municipality's endeavour to conduct its affairs in a responsible and accountable manner. This is evidenced by the following:

- Existence of functional and effective structures of good governance, such as the legislature and Council Oversight Committees that oversee the Executive and Administration.
- Internal Audit that advises on the effectiveness of internal controls, risk management and good governance.
- Functional and effective structures that advise Council and management, such as the Audit, Risk Management and Performance Audit Committees, with qualified personnel, all chaired by external parties.

Key finance issues addressed during the year under review include but not limited to the following:-

Revenue Management

During the financial year, the Revenue Enhancement Strategy (RES) was implemented as part of daily operations. Key focus areas in the RES include:

- a) Updating and correcting billing data for account holders;
- b) Review of Standard Operating Procedures to ensure that improvements to existing properties are valued and that billing records are updated accordingly;
- c) Commencement of installation of Smart Meters for Business Customers
- d) The resolution of billing-related queries
- e) The enforcement of debt collection action
- f) The handover of debt for legal collection

Billing

During the financial year, despite the various challenges encountered, municipal bills were produced and sent to customers. Clean up of customer data was also undertaken, specifically related to the emailing of accounts to customers. The Query Resolution Centre dealt with billing account queries during the financial year.

The Business Billing accounts register was reviewed during the financial year to ensure that all applicable services were charged to the accounts. A total of 8,500 business premises was visited and each service was checked and where anomalies were discovered, these were corrected.

Debt Collection

The priority of the Department was to increase the collection of debt and to reduce the debt book. Due to the continued efforts of the Revenue Management Department, BCMM maintained a healthy cash flow during the year and met its debtor's collection rate.

The following actions were undertaken inter alia:

- a) Communication with customers prior to debt collection action, which included SMS reminders,
- b) telephone reminders and pre-termination notices
- c) Disconnection and blocking of electricity
- d) Handover of debt for legal collection action

Measures taken to improve performance

Continued Implementation of the Revenue Enhancement Strategy, specifically to enforce the debt collection action.

Continued Implementation of the expanded Revenue Management Operations.

Continued Implementation of the Outbound Call Centre Function with the function of incoming calls added.

Stricter enforcement of the Credit Control Policy and the reviewing of the Credit Control, Indigent Support and Rates policies and by-laws.

Increased disconnection of electricity meters and blocking of prepayment meters.

Installation of smart meters for electricity related to Business customers

Analysis of returned mail resulting in rectification of postal addresses and a reduction in returned mail.

Updating of consumer data, to ensure that credit control action in the form of telephone calls, SMS notification and letters are successful.

Implementation of a Business Billing Audit to ensure that the Business customers are billed correctly

T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2016/2017		2017/2018			2018/2019	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	975,125	79%	1,005,370	1,005,370	83%	1,081,778	Not Available
Electricity – B	1,063	98%	111,943	111,943	91%	120,495	Not Available
Electricity – C	1,179,796	98%	1,131,878	1,131,878	91%	1,218,353	Not Available
Water – B	32,594	78%	29,245	29,245	87%	31,552	Not Available
Water – C	433,032	78%	388,553	388,553	87%	419,210	Not Available
Sanitation	326,448	79%	314,273	314,273	88%	337,843	Not Available
Refuse	263,867	69%	233,038	233,038	83%	250,516	Not Available
Other	116,919	55%	113,912	113,912	66%	122,114	Not Available
T 3.25.2							

Concerning T 3.25.2

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T 3.25.2.1

Financial Service Policy Objectives Taken From IDP										
Service Objectives	Service-Indicators	Outline Service Targets	2016/17				2017/18		2018/19	
			Target		Actual		Target		Actual	
			*Previous Year	(iii)	(iv)	(v)	*Current Year	(vi)	*Current Year	(viii)
(i)	(ii)							(vii)	(ix)	(x)
Service Objective xxx										
Roll out indigent scheme to all indigent households in BCMM	Number of households earning less than R3200 per month with access to free basic services		80 500	80 500	N/A	N/A	N/A	N/A	N/A	N/A
Accelerate implementation of grant / capital projects	% of municipality's capital budget actually spent on capital projects identified in terms of the IDP		90%	11%	11%	100%	7%	100%	100%	100%
Maintenance of Credit rating at better than A	Credit Rating maintained at A		A	A	A	A	A	A	A	A
Implement revenue enhancement strategies	% revenue collection rate as measured in accordance with the MSA Performance regulations		89,0%	93,0%	93%	92,50%	71,26%	92,50%	92,50%	92,50%
	Implementation of Smart Meters		11 000	11 000	11 000	N/A	N/A	N/A	N/A	N/A
	Number of properties valued on the property register		Final Valuation Roll	Valuation Roll 100% Complete	N/A	N/A	N/A	N/A	N/A	N/A
Maintain favourable cash management procedures	Current ratio (Municipality's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables)		1.65:1	3.69 : 1	1.65:1	1.65:1	2.38:1	2.6:1	2.6:1	2.6:1
	Debt to revenue ratio (the extend of Total Borrowings in relation to Total Operating Revenue)		>45%	10%	>45%	>45%	9,18%	27,90%	30,20%	32,40%
Maintain long-term borrowings below NT threshold	Cost Coverage (ability to meet at least the municipality's monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month)		<3x fixed operating expenditure	3.7 x fixed operating expenditure	<3x fixed operating expenditure	1 – 2x fixed operating expenditure	2.59x fixed operating expenditure	<3x fixed operating expenditure	<3x fixed operating expenditure	<3x fixed operating expenditure
Percentage of the municipality's operating budget spent on free basic services to indigent households	Percentage of the municipality's operating budget spent on free basic services to indigent households		N/A	N/A	N/A	16%	7%			

Financial Service Policy Objectives Taken From IDP										
Service Objectives	Service Indicators	Outline Service Targets	2016/17		2017/18		2018/19		2019/20	
			Target	Actual	Target	Actual	*Current Year	Target	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll	Number of rateable residential properties in the subsidy housing market entering the municipal valuation roll	N/A New Target in 2018/19	N/A New Target in 2018/19	N/A New Target in 2018/19	500	200				
Free Basic Electricity provision levels as per percentage of total residential electricity provision (in terms of MWh)	Free Basic Electricity provision levels as per percentage of total residential electricity provision (in terms of MWh)	N/A New Target in 2018/19	N/A New Target in 2018/19	N/A New Target in 2018/19	12%	8,75%				
Creditors payment period	Creditors payment period	N/A New Indicator in 2018/19	N/A New Indicator in 2018/19	N/A New Indicator in 2018/19	30 days	16 days	30 days	30 days	30 days	
Number of Smart Meters installed – Business Debtors	Number of Smart Meters installed – Business Debtors	N/A New Target in 2018/19	N/A New Target in 2018/19	N/A New Target in 2018/19	18 000 Business	1 800				
Number of Smart Meters Installed – Residential Debtors	Number of Smart Meters Installed – Residential Debtors	N/A New Project in 2018/19	N/A New Project in 2018/19	N/A New Project in 2018/19	20 000 Residential	Installation will start Q3				
Audit Opinion	Audit Opinion	N/A New Indicator in 2018/19	N/A New Indicator in 2018/19	N/A New Indicator in 2018/19	Unqualified Audit	N/A	Based on the Auditor General's Report	Based on the Auditor General's Report	Based on the Auditor General's Report	Based on the Auditor General's Report

T 3.25.3

Employees: Financial Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	34	38	31	7	18.42%
4 – 6	376	428	374	54	12.62%
7 – 9	84	99	79	20	20.2%
10 – 12	39	52	47	5	9.62%
13 – 15	7	4	4	0	0%
16 – 18	6	8	7	1	12.5%
19 – 20	3	5	3	2	40%
Total	549	634	545	89	14.04%

T 3.25.4

Financial Performance: Financial Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2,031,343	2,407,345	2,280,858	2,064,743	-17%
Expenditure:					
Employees	240,253	299,300	249,692	249,680	-20%
Repairs and Maintenance	823	3,613	1,588	1,588	-128%
Other	379,791	255,300	227,134	227,907	-12%
Total Operational Expenditure	620,867	558,213	478,414	479,175	-16%
Net Operational Expenditure	(1,410,476)	(1,849,133)	(1,802,444)	(1,585,568)	-17%

T 3.25.5

Capital Expenditure: Financial Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	97,820	79,292	10,964	-792%	97,820
OFFICE FURN & EQUIPMENT (DIRECTORATE)	500	500	330	-52%	500
COMPUTERS (INTERNS)	100	–	–	0%	100
SMART METERING SOLUTIONS	63,720	51,520	16	-404471%	63,720
ASSET REPLACEMENTS – INSURANCE	10,000	8,272	8,272	-21%	10,000
FULLY INTEGRATED ASSET MANAGEMENT SYSTEM	15,000	8,500	2,338	-541%	15,000
ACQUIRE ERP SYSTEM	5,000	5,000	–	0%	5,000
INDIGENT MANAGEMENT SYSTEM	1,500	1,500	3	-46996%	1,500
CONSTR – OFF ACCOM – C/CARE OFF MDANTSAN	2,000	4,000	5	-38652%	2,000

T 3.25.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The Directorate of Finance budgeted to receive revenue of R2.3 billion, of the budget amount and 90% which amounts to R2.1 billion was received. The budgeted expenditure for the Directorate of Finance amounted to R478.4 million of which 100.2% (R479.2 million) was spent. The over expenditure is as a result of more debts written off than projected.

The total capital budget that was allocated for the Directorate of Finance was R79.3 million and 14% (R11 million) of the budget was spent

T 3.25.7

(Targets based on the approved budget, hence targets set on the IDP are going to be achieved within the approved budget. Should there be any variance, budget adjustment is done through the mid-year budget adjustment process).

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

During the 2017/18 financial year, the vacant funded positions were at 675 of which 522 of these posts are still under moratorium. All posts as of 1 April 2017 are still eligible to be advertised and a total of 211 new appointments were made and 75 promotions. 3 of the Head of Directorate posts were filled as well as the filling of 15 Senior Management positions.

National Treasury has supported BCMM through GTAC who undertook a diagnosis of the current BCMM structure and a task team was established to review the first phase of the macro structure. The first draft has been completed.

A total of 1185 job descriptions have been reviewed and 239 Job descriptions have been evaluated and 205 job descriptions audited. A job evaluation project specialist has been appointed to assist in the process of job description writing. Furthermore, BCMM has established its own internal Job Evaluation Audit Committee.

All suspension cases have been cleared except for 3 Senior Management posts which is being dealt with by the Legal Department. With regard to disciplinary hearings and grievances the City Manager has instructed respective Head of Directorates to closely monitor these cases to avoid delays and developed a grievance process plan to assist with the quick resolution of grievances.

HR provides support to service departments and thus does not directly have service delivery priorities linked to Communities. The top 3 service delivery priorities in support of line departments for the year in question were:

- Job Evaluation of BCMM posts: The progress in such regard is outlined above.
- Review of BCMM's Macro Structure: The draft review has been completed.
- Reduction of overtime: Top Management approved key initiatives whereby overtime would be reduced. Such initiatives have been implemented and are continuously monitored by Management.

The major initiatives to achieve performance were the appointment of a Job Evaluation Specialist as well as the establishment of a Job Evaluation and Audit Committee. Such initiatives were aimed at facilitating the finalisation of our Job Evaluation as rapidly as possible.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The table below reflect the human resources movement during the 2017/2018 financial year:-

Movement	No
Staff Complement	5048
Councillors	99
Traditional leaders	22
Interns	106
Terminations	223
Appointments	222

T 3.26.2

Service Objectives		Year 2016/2017		Year 2017/2018		2017/2018		2018/2019	
		Target	Actual	Target	Actual	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Service Indicators		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)			
(i)	(ii)				100% (Roll out of Integrated Electronic Performance Management System (EPDMS) to City Manager, Head of Directorate (HoDs), General Managers (GMs), Programme Managers (PMs)		100% (Roll out of Integrated Electronic Performance Management System (EPDMS) to City Manager, Head of Directorate (HoDs), General Managers (GMs), Programme Managers (PMs)		
Improved performance and capacity of the institution	Milestones achieved towards implementation of Integrated Electronic Performance Management System	Procure Integrated Electronic Performance Management System	E-performance system procured	Procure Integrated Electronic Performance Management System	Project had to be on hold due to legal issues			N/A	
		% of the municipality's budget actually spent on implementing its workplace skills plan training and development opportunities to BCMM staff							
		1.8% of staff budget	1.9% of staff budget	1.8% of staff budget	1.7% of staff budget	1.7% of staff budget	1.8% of staff budget		
To ensure BCMM is well structured and capacitated	Number of people from employment equity target groups (females) employed in the 3 highest levels of management in compliance with municipality's approved employment equity plan	3	6	3	4	3	3	3	
To ensure BCMM is well structured and capacitated to deliver on its mandate	Number of people from employment equity target groups (disabled) employed	N/A	N/A	N/A	0	0	N/A	N/A	
Expenditure of all grants/capital infrastructure for service delivery in the applicable financial year	% of municipality's capital budget actually spent on capital projects identified in terms of the IDP	>90%	58%	>90%	>90%	59%	90%	90%	
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 arrangements by municipalities in which IDPs play a key role.									
								T 3.25.3	

Employees: Human Resource Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	14	14	13	1	7.14%
4 – 6	64	75	69	6	8%
7 – 9	23	27	25	2	7.41%
10 – 12	44	47	36	11	23.40%
13 – 15	9	10	7	3	30%
16 – 18	6	9	9	0	0%
19 – 20	3	3	3	0	0%
Total	163	185	162	23	12.43%
T 3.26.4					

Financial Performance 2017/2018: Human Resource Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10,447	10,561	13,676	11,830	11%
Expenditure:					
Employees	38,418	100,147	73,944	73,986	-35%
Repairs and Maintenance	13	2,645	1,749	1,748	-51%
Other	37,439	55,732	50,932	48,953	-14%
Total Operational Expenditure	75,870	158,525	126,625	124,686	-27%
Net Operational Expenditure	65,423	147,964	112,949	112,857	-31%
T 3.26.5					

Capital Expenditure Year: Human Resource Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5,500	2,956	—	0%	
EMPL PERFORMANCE MANAG SYST C/O	—	1,271	—	0%	1,271
EXTENSION TO EMPLOYEE WELLNESS C/O	—	184	—	0%	184
EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM	4,000	—	—	0%	—
ELECTRONIC ATTANDANCE CONTROL SYSTEM	1,500	1,500	—	0%	1,500
T 3.26.6					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

Adjusted capital budget during the 2017/2018 financial year for the Directorate of Corporate Services amounted to R3 612 990.00.

The two projects with the largest budget being Electronic Attendance Control System (EACS) with a budget of R 1 500 000.00 million and Employee Performance Management System (EPMS) allocated an amount of R1 271 341.00 million. 59% of the capital budget was spent during the year under review. The average expenditure is as a result of the cancellation of the EPMS contract due to challenges regarding the functionality of the system and the project will be re-advertised in the following financial year.

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT Dept. as the enabler of Information Communication and Technology of the institution, has a mandate guided by the ICT Strategy which feeds to the City Development Strategy targeting key strategic areas of the IDP, namely:

- a) Municipal Transformation Organizational Development
- b) Integrate physical ICT Infrastructure to enhance multimodal connectivity
- c) Number of IT Systems integrated

The impact was evident through our highly rated assessment done by National Treasury on MSCOA Compliance, where 15 transacting systems were successfully integrated seamlessly

- a) Municipal Basic Service Delivery & Infrastructure Development
- b) Develop and establish a smart city concept for the City
- c) Number of Public free Wi-Fi hotspots established for BCMM Citizens
- d) The impact was evident through our safe city initiative with

MEASURES TO IMPROVE PERFORMANCE

- a) Establishment of Governance Structures
- b) Operations Forum that monitors the performance of each employee
- c) ICT Steering Committee that monitors the progress of ICT project
- d) Change Management Committee that ensure all improvement in ICT environment
- e) Equip ICT employees with ICT trainings to keep up with ICT Standards and improve ICT services

MAJOR EFFECINCIES ACHIEVED

ICT Governance

- a) Draft ICT Policies approved by Council
- b) Reviewed the ICT Strategy

ICT Governance structures were fully operational namely:

- a) ICT Change Review Board
- b) ICT Security and Architecture Review Board
- c) ICT Operations and Project Forums
- d) Disaster Recovery Planning Forum

Network Infrastructure & Internet

- a) Constructed a Fibre Back Bone to link Bisho to King William's Town
- b) Constructed a Fibre Back Bone link to link IDZ to East London CBD
- c) Link various BCM Building into Fibre Back bone link namely:
- d) Klemant Kadalie Offices
- e) New Traffic Dept and Councilor's homes in King William's Town
- f) Beacon Bay
- g) Fire Dept in King William's Town
- h) Link 8 Health Facilities to our Fibre Back bone as means to enhance revenue for the City

- i) Enable 60 Hot spot Public Wi-Fi for the City in Mdantsane, King William's Town, Zwelitsha and Dimbaza
- j) Migrated to Office 365 as first Metro in the Country to deploy cloud-based Microsoft Office and Email – -Implemented Citizen Engagement Mobile App to automated Service Delivery Request and automation of manual processes for the City
- k) Implemented City Intelligent Operating Centre with a proactive response team to attend to Citizen queries, network\sever\ and desktop monitoring dashboard for Cyber Security and live Surveillance Camera solution

Application & Software

- a) Launch a new integrated Website with seamless integration to our Citizen Engagement platform to have a uniform and integrated communication channel for the City
- b) Successfully integrated seamlessly all our five General Ledger transacting system with 13 billing transacting system thus ensuring compliancy with the National Treasury on MSCOA
- c) Implemented successfully a File Transfer Tool thus ensuring encryption for all our transaction link to the bank

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

Our high-level baseline in execution on 2016/17 the following Service Catalogues were executed:

- a) Establishment of Architectural Review Board
- b) Establishment of Security Review Board
- c) Establish an ICT Steering Committee
- d) Draft ICT Policies that where in absentia subjected to Council Approval
- e) Upgrade Network Infrastructure to build a robust network in the CBD and surrounding areas

On our current year 2017/18 the following Service Catalogues were completed:

- 1) The ICT unit received 1250 IT equipment requests in relation to:
 - a) Desktop/Laptops
 - b) Smart Tabs
 - c) Network Access
 - d) Printers/Scanners/Copiers/Fax Machines
 - e) Applications
 - f) Technology
 - g) Cabling
 - h) New network points

ICT further responded to a total of 7 500 incidents, which related to challenges with:

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

T 3.27.2

ICT Services Policy Objectives Taken From IDP										
Service Objectives	Service-Indicators	Year (2016/2017)		Year (2017/2018)		Year (2018/2019)		Year 3 (2020/2021)		Target
		*Previous Year	Actual	*Previous Year	Actual	*Current Year	Actual	*Current Year	Actual	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT										
Connected City: Implementation of ICT Master Plan	Number of buildings connected with fibre in BCMM	0	5	5	8	7	8	8	8	
	Number of Directorates that are connected to Citizens Engagement App	0	0	0	4	4	2	2	2	
	Number of High sites with LTE Network	0	0	0	0	7	4	4	4	
KPA 2: MUNICIPAL BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Wi-Fi for the City: Capacitate ICT infrastructure within BCMM	Number of Public Wi-Fi hotspots established for BCMM citizens	0	4	4	15	15	20	15	15	
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
To be a smart city: Integrate physical and IT infrastructure to enhance multi modal connectivity	Number of information technology system integrated	0	2	2	3	4	5	4	4	
T 3.27.3										

Employees: ICT Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	2	2	2	0	0%
4 – 6	3	6	5	1	16.67%
7 – 9	2	8	5	3	37.50%
10 – 12	18	21	18	3	14.29%
13 – 15	4	3	3	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
Total	30	41	34	7	17.7%
					T 3.27.4

Financial Performance Year 2017/18: ICT Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	0%
Expenditure:					
Employees	18,974	–	10,604	10,242	100%
Repairs and Maintenance	4,990	6,534	4,997	5,072	-29%
Other	43,810	60,322	57,139	58,071	-4%
Total Operational Expenditure	67,774	66,856	72,740	73,386	9%
Net Operational Expenditure	67,774	66,856	72,740	73,386	9%
					T 3.27.5

Capital Expenditure Year: ICT Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	22,000	38,609	1,819	-1109%	
OFFICE FURNITURE – ICT CENTRES	750	750	541	-39%	750
PROCUREMENT OF ICT EQUIPMENT	1,250	1,250	1,278	2%	1,250
DISASTER RECOVERY INFRASTRUCTURE C/O	–	12,144	–	0	12,144
FIBRE NETWORK C/O	–	4,465	–	0	4,465
FIBRE NETWORK	5,000	5,000	–	0	5,000
LTE INFRASTRUCTURE	12,000	12,000	–	0	12,000
DISASTER RECOVERY ENHANCEMENT	3,000	3,000	–	0	3,000
					T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The ICT priorities for the next 5 years are as follows:

1) Connect BCMM Building with Fibre Network

- The allocated budget of Fibre Network is not sufficient to connect all the BCMM building into fibre

Building an active to active Disaster Recovery Site

- This is to ensure a seamless failover where systems are configured for high availability, funding allocated is not sufficient in addressing this

Data Integration

- This is to ensure seamless integration of the system to ensure that we comply with the MSCOA requirement

Business Process Automation

- This process is to ensure that the City moves away from manual process, thus ensuring automated built in workflow capabilities in the Applications used by the Metro.

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.

- Estate Management, Property Transfers and Transactions;
- Property Disposals, Acquisitions, Exchange and Expropriations;
- Building Maintenance, Refurbishment and Renewal

These services are delivered through the following Divisions:-

The Estates Management Division consists of the following Branches: Property Management and Land Reform and Transactions

Property Management manages the Municipal Property Portfolio and is responsible for acquiring and allocation of office space for Councillor's and Municipal Directorates, Inspections and Insurance.

Land Reform and Transactions is to support land restitution programs for people dispossessed by racially discriminatory legislation and price, in order to provide support for the vital process of reconciliation, reconstruction and development. Restitution is an integral part of the broader land reform programme and closely linked to the need for the redistribution of land and tenure reform

Land Re-Distribution is to provide historically disadvantaged individual and communities with access to land for residential and productive uses, in order to improve their income and quality of life.

Land Tenure Upgrading is to upgrade existing land rights i.e. site permits, residential permits, lodgers permits, certificates of occupation, permission to occupy more secure. This aspect of land reform finds expression in Section 25(6) of 1996 Constitution.

The advertising of the proposed subdivision of the diagrams and general plans for Dimbaza, Ilitha, Zwelitsha and Phakamisa in terms of Section 13 of the Ciskei Land Use Regulation Act 15 of 1987, read with Section 50 of the Buffalo City Metropolitan Municipal Spatial Planning and Land Use Management By-Law 2016, will be advertised in 2018/2019 financial year.

Dimbaza General Plan – Application for the consolidation of erven 3916 – 3918 and the subdivision of erven 2999, 3919, 6460 all of Dimbaza to facilitate the upgrading of general plans in Dimbaza.

Ilitha General Plans – Application for the consolidation of portion (3 – 4) of the farm no. 2244 King William's Town and the farm no. 2264 King William's Town and the subdivision of erf 937 Ilitha extension no. 1 to facilitate the upgrading of general plans in Ilitha.

Phakamisa General Plans – Application for the consolidation of erven 866, 721, 4991- 4995, 5554 and the remainder of erf 720 all of Phakamisa and the subdivision of erven 2519, 3038, 4973 and erf 4996 all of Phakamisa, erven 3985 – 3986 all of Phakamisa-A to facilitate the upgrading of general plans in Phakamisa and Phakamisa-A.

Zwelitsha General Plans – Application for the consolidation of erven 4016 – 4017 all of Zwelitsha unit 8 and the subdivision of erven 3758 – 3759 Zwelitsha unit 1, erf 3757 Zwelitsha unit 2, erf 3761 Zwelitsha unit 3, erf 3762 Zwelitsha unit 4, erf 3777 Zwelitsha unit 5, erf 3756 Zwelitsha unit 6, erf 3776 Zwelitsha unit 7, erf (3766 – 3768), 3785 and 4018 all of Zwelitsha unit 8, erven (3769 – 3770), 3772 all of Zwelitsha unit 9, erven (3771 – 3772), (3774 – 3775), and 3780 all of Zwelitsha unit 10 to facilitate the upgrading of general plans in Zwelitsha."

Extended State Discount Benefit Scheme is specifically dealing with all the beneficiaries prior to 1994 that were allocated houses by the previous regime. All the land rights are now being upgraded to full title.

Property Disposal and Acquisitions Division

Property Disposals & Acquisitions is responsible for the disposal and the acquisition of land / property (building) to enhance service delivery in the 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.

Acquisitions

Potion of Portion 13 of farm 1234 was acquired for the Quenera Link Road, Sonwabiso Informal Settlement forms part of the Mdantsane infill areas. According to the 2011 informal settlement study, the settlement has been in existence for about 22 years since 1995 and was established on vacant piece of land belonging to private owners, hence the ten (10) erven were acquired.

Disposal

163 serviced erven were disposed to Provincial Human Settlements Department for Breidbach township establishment.

The Building Maintenance 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:

- Term Maintenance
- Emergency Maintenance
- Planned Maintenance
- Deferred Maintenance

The Contracts and Planning Branches, sections are as follows:

- Electrical and Air- conditioning Works Section
- Informal and Quotations Works Section
- Emergency Works Section
- Formal Tenders Works Section

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:

- 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.

Facilities Management

The Facilities Manager has been appointed. The functions of this post are to undertake condition assessments of all the Municipal Buildings for the provision of a maintenance, refurbishment and renewal plan. It is also to draw up a facilities management policy for BCMM. The maintenance budget needed each year as recommended as 37 million and Refurbishment and Renewal budget need is R359.40 per annual over the next 5 year.

Refurbishment, renewal and maintenance of buildings is a critical component to the proper management of the physical assets and overall Property Management, and to meet the statutory requirements.

Budgets for the Property Department

Repairs and Maintenance	R24 304 000
Capex Building Major Maintenance and Refurbishment	R25 200 000
Capex Land Acquisition	R15 000 000

RISK

Risk management is an integral part of any organisation, it affords the Municipality a chance to take proactive measures to mitigate risks from occurring thus ensuring that the Municipality achieves its desired objectives. Buffalo City Municipality is committed to the principles of good governance and understands the importance of taking calculated risks in pursuit of the City's desired objectives. To ensure effective risk management, the City has developed a risk management unit which is tasked with a responsibility of carrying out all risk management initiatives to improve the risk maturity level and to ensure that risk management is embedded into the daily operations of the Municipality.

To improve the maturity level several initiatives had been undertaken which include:

- a) The establishment of a risk management committee which is chaired by an external chairperson to monitor the effectiveness of risk management within the City.
- b) Continuous risk assessment, risk is not static and can emerge both internally and externally which requires the City to be proactive and have ongoing risk assessment and influence decision making.
- c) Risk are assessed not only at strategic level but at operational level to improve the control environment and ensure services are delivered effectively and efficiently.
- d) Effective oversight committees, the audit committee together with the risk management committee oversee the effectiveness of risk management within the City.

PROCUREMENT SERVICES

In terms of the Supply Chain Management Regulations 7(3), the City is mandated to establish a Supply Chain Management unit to implement its Supply Chain Management Policy. Furthermore, the Municipal Management Supply Chain Regulations 7(4) requires that the Supply Chain Management unit must, where possible, operate under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of Section 82 of the Act. In line with this legislative guidance, the Buffalo City Metropolitan Municipality has its Supply Chain Management unit reporting to the Group Chief Financial Officer. Amongst other functions, the unit is responsible for the following functions as prescribed by the legislation:

- a) Demand management.
- b) Acquisition management.
- c) Disposal management.
- d) Logistics management.
- e) Performance management.
- f) Risk management.

The City acknowledges the strategic role played by supply chain in its broader transformation agenda. In recognition of this imperative, the City is continuously working to improve supply chain processes, strengthen and improve the governance of the whole supply chain value chain and institutionalise controls to mitigate against associated risks. All these targeted reforms are implemented within

The City acknowledges the strategic role played by supply chain in its broader transformation agenda. In recognition of this imperative, the City is continuously working to improve supply chain processes, strengthen and improve the governance of the whole supply chain value chain and institutionalise controls to mitigate against associated risks. All these targeted reforms are implemented within the limits of the guiding legislative framework.

LEGAL SERVICES

The purpose of Legal Services Department is:

To create and contribute to a responsible government, to ensure adherence to Batho Pele principles,

To prevent disorder and irregularities within the BCMM, to ensure legal compliance, to mitigate legal risks by attending to litigation exposure and defending cases, and to ensure ethical and professional conduct by all employees of BCMM.

Legal Services role cuts across all BCMM departments and for the effectiveness of our role:-

We ensure that BCMM contracts are legally sound-mitigate contractual risks and are in compliance with constitution, Legal Services defends the municipality in all cases lodged against BCMM,

Legal Services deals with queries from chapter 9 Institutions and Treasury, Financial misconduct issues, municipal planning issues, and complaints received from Public Protector, land related issues, gives advice to Council, Mayor and City Manager.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal Services administers the database of legal service providers from which procurement is carried out. Legal Services department has provided seven (7) legal opinions in the current financial year pertaining to lease agreements, alienation of land linked to section 14 of the MFMA and advices were rendered in relation to the procurement method to be followed as dictated in section 90 of the MFMA.

Disposals	163
Acquisitions	11
Registered properties under the state discount scheme	158
External Quotations and Emergency works	270
Internal minor and emergency works	2132
Contracts and Planned works	73
Inspections of various kinds related the BMS	7425
Business Plan for 2017 to 2018 CAPEX	29

T 3.28.2

Property, Legal, Risk Management; and Procurement Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2016/17		2017/18		2018/19		2019/20		
		Target	Actual	Target	Actual	*Current Year	Target	*Current Year	Target	
Service-Indicators	(i)	*Previous Year	(iv)	*Previous Year	(v)	(vi)	(vii)	(viii)	(ix)	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Service Objective xxx										
Litigation management	Number of litigations settled- 4	Six (6)								
Contract Management	Contract reviewed	10	17	10	18	17	10	10	10	
Land Invasion	Obtained eviction Orders	4	6	4	6	4	4	4	6	
Human Settlement	Reduce disputes regarding housing list	2	3	3	3	2	2	2	3	
Planning & Zoning	Objections on rezoning	number of objections-6	10	6	10	6	6	6	6	
Enforcement of specific performance	7	11	14	7	14	7	14	7	7	
Municipal Court	Renovation of the Mdantsane Court	Renovations completed	Project complete	None	None	None	None	Employment of staff	Functional court	
Land Acquisition	Number of land parcels approved by council for acquisition	3	3	3	2	8	2	8	8	
										T 3.28.3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	8	9	7	2	22.22%
4 – 6	45	59	52	7	11.86%
7 – 9	10	11	10	1	9.09%
10 – 12	17	21	13	8	38.10%
13 – 15	4	7	4	3	42.86%
16 – 18	6	15	8	7	46.67%
19 – 20	2	2	1	1	50%
Total	92	124	95	29	23.39%

T3.28.4

Financial Performance 2017/2018: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15,213	11,274	11,274	14,093	20%
Expenditure:					
Employees	45,073	34,136	32,081	26,595	-28%
Repairs and Maintenance	839	25,279	24,551	25,154	0%
Other	199,861	101,274	101,047	75,938	-33%
Total Operational Expenditure	245,773	160,689	157,679	127,687	-26%
Net Operational Expenditure	230,559	149,415	146,406	113,594	-32%

T 3.28.5

Capital Expenditure 2017/2018: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	40 100	30 216	–	0%	
OFFICE RENOVATIONS – LEGAL SERVICE	–	3 200	–	0%	3 200
SOFTWARE	200	200	–	0%	200
NEW AIR-COND (REPLAC-SHOPRITE CAXTON ST)	1 800	1 698	–	0%	1 698
LAND ACQUISITION	15 000	9 000	–	0%	9 000
BISHO C/CENTR NEW REAR PARK AREA & PATHW	2 000	1 600	–	0%	1 600
NEW FENC & SEC ACC- GONUBIE MUN O/A HOME	500	383	–	0%	383
KWT OLD AGE HOME - NEW PARKING	1 000	960	–	0%	960
ZONE 11 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 14 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
SUNNYMEAD O/A HOME – NEW PARKING	2 000	1 800	–	0%	1 800
ZONE 16 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 2 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 4 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 5 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 6 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
ZONE 7 NEW DISAB FAC (ACC PATH & RAMPS)	125	125	–	0%	125
REFURB ALICE STREET TOWN HOUSES KWT	1 000	793	–	0%	793
REFURBISHMENT OF ORIENT COMPLEX	2 500	2 500	–	0%	2 500
CITY ENGIN BUILD -á REFURB SPALLING & PA	1 000	520	–	0%	520
OLD MUTUALá – UPGRADING OF ALL WINDOWS	1 300	1 300	–	0%	1 300

Capital Expenditure 2017/2018: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
CITY ENGINEERING BUILDING - TOILETS UPG	600	526	–	0%	526
RE-ROOFING GONUBIE MAIN ADMIN BUILD	2 300	780	–	0%	780
EAST LONDON MECHANICAL W/SHOPS REFURB	1 000	2 000	–	0%	2 000
OLD MUTUAL – UPGRADING OF SHOPS	300	300	–	0%	300
NEW FENC & SEC ACCESS – GARCIA FLATS	400	400	–	0%	400
CONSTR – NEW OFF – CHISELHURST BMS DEPOT	2 550	62	–	0%	62
CANNOPIES MUNIFIN PLANN ENGINEERING	–	200	–	0%	200
EXTEN – ABLUTIONS – CHISELHURST BMS DEPO	200	11	–	0%	11
EXTENS – WORKSH AT CHISELHURST BMS DEPOT	250	227	–	0%	227
UPGRADING OF ELECTRICAL – FIRE DEPART EL	800	200	–	0%	200
UPGRADING OF ELECTRICAL – OLD MUTUAL	800	200	–	0%	200
UPGRAD OF ELECTRICAL -BISHO CIVIC CENTRE	800	157	–	0%	157
UPGRADING OF ELECTRIC -KWT CIVIC CENTRE	800	200	–	0%	200
					<i>T 3.28.6</i>

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

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. Portion of Portion 13 of farm 1234 was acquired for the Quenera Link Road, Sonwabiso Informal Settlement forms part of the Mdantsane infill areas. According to the 2011 informal settlement study, the settlement has been in existence for about 22 years since 1995 and was established on vacant piece of land belonging to private owners, hence the ten (10) erven were acquired.

New air-conditioning Plant HI Vac system for the Checkers complex in Buffalo street, Phase 1 was completed in 2017 and phase 2 to will be complete in 2019.

Bisho Civic Centre new rear parking is complete.

Phase 1 of the Refurbishment of the Orient Complex, which was for major roof repairs and the external painting. This project started in 2017 and is to be completed in 2020, so that the restaurant area can be rented out. A major part of phase 2 is the structural repairs on the side currently propped up.

Targets are set based on the approved budget, hence targets set on the IDP are going to be achieved within the approved budget. Should there be any variance, budget adjustment is done through the mid-year budget adjustment process.

Priority for land acquisition is supporting eradication of informal settlements by providing low cost housing and associated infrastructure (Human settlements). Furthermore, we acquire land for economic infrastructure and public transport improvements e.g. Quenera link road.

Priority for the maintenance of municipal buildings and assets is based on conditional assessment for proper functioning and meeting the requirements of occupational health and safety act.

T 3.28.7

COMPONENT J:

MISCELLANEOUS

INTRODUCTION TO MISCELLANEOUS

In 2017/2018 the BCMM budgeted for the establishment of a Municipal Court for the purpose of enforcement of municipal by-laws. As part of prioritization for 2017/2018 financial year, the building was acquired to house the municipal court in Mdantsane. Renovations have been completed and the staff will be appointed in the current financial year which 2018/19. Prosecutorial authority will be obtained from the National Prosecuting Authority to support the Department of Justice as Magistrates have already allocated to the Court.










T3.29.0












COMPONENT K:

3.29 ORGANISATIONAL PERFORMANCE SCORECARD

BUFFALO CITY METROPOLITAN MUNICIPALITY ANNUAL PERFORMANCE REPORT 2017/2018 FINANCIAL YEAR						
Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key
				3	4	Reasons for Deviation
KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
To ensure BCMM is well structured and capacitated to deliver on its mandate	Implementation of BCMM Equity Plan	Number of people from employment equity target groups (females) employed in the 3 highest levels of management	83			
						The over-achievement is as a result of the fact that during recruitment processes, emphasis was placed on attracting people from employment equity target groups (females) when filling critical vacant funded positions during 2017/2018 financial year.
To promote an integrated spatial form	Coordination of Housing development within Buffalo City Metropolitan Municipality	Review Integrated Sustainable Human Settlement Plan	2012 Integrated Sustainable Human Settlement Plan	Reviewed Integrated Sustainable Settlement Plan	Reviewed Integrated Sustainable Human Settlement Plan	N/A
Sustainable city to meet operating obligations.	Implement revenue enhancement strategies	Number of smart meters installed	0	11000	394	
						The service provider was appointed through the transversal contract and a SLA had to be drawn up with BCMM specific requirements. The service provider had to be given time to implement the requirements. The second delay was due to the fact that BCMM took an approach to roll-out this into 100 meters which needed to be piloted first and upon the pilot exercise only then could the rest be rolled out.
To ensure that BCMM is a well-known and marketable brand	Develop BCMM's new brand identity	Communication, Media, Marketing and Branding Strategy developed	Communication Strategy	Review communication strategy to enhance on media, marketing and branding	Review communication strategy to enhance on media, marketing and branding not achieved.	
						Consultations were the cause of the delay.
Connected City	Implementation of ICT Master Plan	Number of buildings connected with fibre in BCMM	4	6 (Clement Kadalle, Clement Kadalle Library/Bisho, KWT, Greenfields & ELIDZ)	6 (Clement Kadalle, Clement Kadalle Library/Bisho, KWT, Greenfields & ELIDZ)	N/A
Connected City	Implementation of ICT Master Plan	Number of Directorates that are connected to Citizens Engagement App	0	4 Directorates (Spatial Planning, Corporate Services, Infrastructure, Human Settlements)	4 Directorates (Spatial Planning, Corporate Services, Infrastructure, Human Settlements)	N/A
To promote the competitiveness of various industries and increase export potential	Partners with key stakeholders to promote BCMM as a prime investment destination	% progress towards the development of incentive strategy	0	100%	0%	
						This cannot be achieved due to delays in procurement processes, the tender is at BEC and therefore will be achieved in the next quarter.
						The Service Provider will be appointed in the first quarter, after the appointment a detailed activity plan for the development of the strategy will be approved by the Project Manager which will highlight how the process will unfold. The strategy will take a period of 6 months at the most as per the Terms of Reference or the Specifications that will include the adoption by Council. Therefore completion of the strategy will be done in the Second quarter 2018/19

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
100% expenditure	Implementation of grant capital projects	% spending of Capital Budget	0%	100%	75%		Procurement took long to process requests	Compiling all business plans and making sure the funds are committed before end of financial year
Inner city regeneration	Support investment and growth in the inner city	Number of land parcels approved by Council for acquisition for Mixed Use Integration Zone, privately owned.	2	2	1		The second report for Land Acquisition for Sonwabiso Informal Settlement Infill Area Zone 4 (unit 2) Mantsane township was recommended by Spatial Planning and Development Portfolio Committee on the 09th May 2018.	The report will be considered at the Council meeting scheduled for the 25th July 2018.
To be a clean city	Implementation of Waste Minimisation strategy	Number of clean-up campaigns implemented	1	4	4		N/A	N/A
Improve Road Traffic Safety within BCMM	Implement the BCMM traffic safety plan	% Reduction in the number of accidents in hotspot areas	12%	14%	88% increase in accidents instead of decreasing. Cumulative total for the 4th (final) quarter is 3994 instead of 2124 annual target. (Quarter 4 achieved is 1066 instead of 531)		The reason for the deviation of the indicator is a number of contributing factors that play a pivotal role in the increase in the number of accidents are the: Human factor: the human contributing factor which is speeding, alcohol and drug abuse, not wearing of safety belts, driver behavior, unlicensed drivers, inadequate road safety education, roadworthiness of vehicles. Road environment factors: increase in number of vehicles on our roads, this has contributed to the increase road surfaces, kerbs, drainage, sidewalks, traffic circles road shoulders medians have all been damaged and need to be reconstructed	The Traffic dept will continue to deploy additional staff to the various high accident zones areas from the 1 July 2018 to 30 June 2019 and thereafter. Focus will be on monitoring and enforcing speed control, vehicle checks, driver fitness tests, drunken driving and negligent driving & moving violations. The root causes for the majority of accidents occurring in these areas and during the festive season are due to speeding, negligent & reckless driving, not adhering to traffic signs and regulations and speeding in rainy weather when roads are wet & slippery. Another contributing factor is that no officers are deployed to these areas between the times of 10pm to 5am as BCMM does not have 24 hour law enforcement. Department to prepare strategic reports in terms of combating the increase of accidents in these hotspot areas, by creating awareness and education programmes aimed at new drivers and learner drivers etc. Tender for the Review of the Traffic Safety Plan is currently out on tender and the plan will address the high accident rate in BCMM, root causes and measures to address & prevent future accidents, aimed at reducing the accident rate.
Extensive investment and development of infrastructure networks	Improve, develop and maintain the condition of BCMM infrastructure	% of capital budget spent to procure new fleet for Directorates	95%	100%	100%		N/A	N/A
Extensive investment and development of infrastructure networks	Improve, develop and maintain the condition of BCMM infrastructure	% reduction of vehicle down time	35%	30%	10%		N/A	N/A
Promoting Vulnerable groups beneficiaries within the metro.	Mainstreaming youth development	Number of bursaries awarded (BCMIM Bursary Fund 2018)	36 Bursaries awarded BCMIM Bursary Fund 2017	2018 BCMIM Bursary fund handover (40 bursaries awarded in February)	43 bursaries awarded		The overachievement is as a result of the fact that the target for this indicator is an estimate as it is difficult to determine exactly how many bursaries will be awarded per annum due to some other factors which are beyond the institution's control like budget, study fields, demand and pass rate of the previous beneficiaries.	N/A
KPA 2: MUNICIPAL BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT								
Wi-Fi for the City	Capacitate ICT infrastructure within BCMM	Number of Public Wi-Fi hotspots established for BCMIM citizens	5 Hotspot	15 Areas Connected Hotspots	15 Areas Connected Hotspots		N/A	N/A
To ensure BCMM is well structured and capacitated to deliver on its mandate	Provide training and development opportunities to BCMM staff	% of the municipality's budget actually spent on implementing its workplace skills plan on training and development opportunities to BCMM staff	1.7% of budgeted staff costs	100% of approved training expenditure 2017/18 budget	105%		The ISDG funds from National Treasury for Internships as part of WSP made the available budget for WSP implementation to be above the targeted amount as per SDBIP which was 1,7% of the total staff budget for the municipality.	N/A

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
		Km of roads Surfaced	25km	30km	38,052 km		Km of roads surfaced - The over achievement can be attributed to the delays in the Maitisane roads upgrade project, where there was a delay in the completion of the roads due to one of the contractors being terminated, and the other getting seasons in place to be able to pay suppliers. There were a number of roads close to completion which were then completed leading to an over achievement on the indicator.	N/A
Extensive Investment and development of Infrastructure networks	Improve, develop and maintain the condition of BCMM infrastructure	Number of bridges rehabilitated	3	3	3		N/A	N/A
		Km of gravel roads rehabilitated	80km	80km	80,2 Km		Km of Gravel roads rehabilitated - When establishing the target for the year, it is based on the estimated cost per Km for gravel roads. The actual km of roads rehabilitated will vary depending on the actual cost for the rehabilitation works. This is determined by the site conditions, weather, material availability, haul distance, delays etc.	N/A
Address energy backlogs	Roll-out of the electrification programme	Number of formal dwellings(RDP) provided with a basic service of electricity	1200	500 (Fyrbos 2, Reston and Ndancama/Maitisane Cluster 2)	1330 Connections		The electricity department receives Grant funding on an annual basis. The planned 500 connections were based on funds approved. Rollover funding from the preceding year was approved for electrification in Mid October 2017, this increased the original planned target.	N/A
Address energy backlogs	Roll-out of the electrification programme	Number of informal dwellings(RDP) provided with a basic service of electricity	1200	1200	38 Connections		Mzamohe and Ikwezi Block One not ready for electrification due to density	Target will not be met in the 2017/2018 financial year. Expedite densification of Mzamohe and Ikwezi Block One. Adjust annual target to 1000 units
Address energy backlogs	Roll-out of the electrification programme	Number of new high mast lights installed	5	5	10		Within the High mast and street lighting Capital budget a percentage is allocated to Masts and the balance to conventional lighting. Sufficient funding within the electrification project allowed for conventional streetlighting to be installed, not always been the case. Additional high mast were installed due to numerous community requests and sufficient savings from street light installations on electrification projects. Requests from communities for Mast lighting or conventional street lighting cannot be projected but are adhoc and are investigated if indeed required.	N/A
Implement the water demand and conservation strategy	Implement the water demand and conservation projects	Number of kLo-litres reduced (physical water losses in terms of system bases)	26128ml	1300 000 Kl	1 515 282,04 Kl		The programme was more successful than originally anticipated due to interventions beyond the water meter and community water loss awareness campaigns, which cannot be exactly quantified upfront as they depend on consumer's reactions after the interventions.	N/A
To ensure that households within BCMM have access to basic level of water	Provision of basic level of water to households	% of households with access to basic level of water supply	97,7% (247 655)	98%	98%		N/A	N/A
To ensure that water supply systems in BCMM are compliant with SANS 241 drinking standards	Compliance of water treatment works with SANS 241 requirement	% Compliance of water treatment works with SANS 241 requirements	95%	≥ 95%	99%		N/A	N/A

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
To ensure that households within BCMM have access to basic level of sanitation	Provision of basic level of sanitation to households	% of households with access to basic level of sanitation	89%	91%	91%		N/A	N/A
Extensive investment and development of infrastructure networks	Compliance of wastewater treatment works with effluent quality standards	% Compliance with effluent quality standards (weighted cumulative average)	>70%	>70%	89%		This target was incorrectly set too high as it is impossible to achieve 100 % compliance of wastewater treatment plants. The Department of Water Affairs as a regulator requires 95% compliance as an acceptable legislation standard. Numerous works are biologically and hydraulically overloaded impacting on compliance.	The target needs to be amended during the Mid-year budget adjustment and aligned with standards practices and take cognizance of the time periods for the implementation of the upgrades to the Zwelitsha Regional Works and decommissioning of associated works. Reason WWTW upgrade and diversion of the Central WWTW and recapitalization of the Mdanaseke WWTW.
Implement waste hierarchy strategy throughout BCMM	Provision of sustainable waste management systems	Number of waste cells constructed	Temporary Cell 3	1 (Permanent waste cell 3)	0		The completed cell (waste cell 4B) is still to be inspected by DEDEAT for approval before a completion certificate could be issued.	A letter of invitation to environmental affairs for the inspection of the cell has been sent.
To be a clean city	Provision of sustainable waste management systems	% of households with access to basic solid waste removal services	126 000	100% (126 500)	100.05% (126 566)		The over achievement was a result of added households from the houses built and billed by BCMM	N/A
To provide adequate amenities to serve all BCMM communities	Upgrading of BCMM amenities and facilities to attract tourists	Number of sports fields upgraded	7	8 (Orlando Sportfield, Schoeman hockey field, Scenary park sports field, Parkside, North-end, I.G. Foster, Sisa Dukalele & Pelterville)	8 (Orlando Sportfield, Schoeman hockey field, Scenary park sports field, Parkside, North-end, I.G. Foster, KwaMali & Pelterville)		N/A	N/A
Tourism opportunities exploited in high value niche products	Upgrading of BCMM amenities and facilities to attract tourists	Number of beach facilities upgraded	1	4 (Staff quarters Orient Beach and Public abductions Nahoon Beach, Ticket office Orient beach, Ebuhlanti)	4 (Staff quarters Orient Beach and Public abductions Nahoon Beach, Ticket office Orient beach, Ebuhlanti)		N/A	N/A
Tourism opportunities exploited in high value niche products	Upgrading of BCMM amenities and facilities to attract tourists	Number of Swimming Pools upgraded	2	5 (NU 2, KWT, Zwelitsha, Ruth belonsky, Jean Harrison Swimming pool)	3 (KWT Swimming Pool, Zwelitsha, Ruth Belonsky)		The budget for the upgrading of swimming pools was finished before all swimming pools which were targeted for upgrading in 2017/2018 were completed.	Provision for the budget of the upgrading of NU 2 and Jean Harrison will be catered for in 2018/2019 financial year.
Tourism opportunities exploited in high value niche products	Upgrading of BCMM amenities and facilities to attract tourists	Number of Zoo Facilities upgraded	2	5 (Zoo boundary wall, Wild dog enclosure, staff change rooms, Gibbon's night room, Sungazer)	1 (Zoo boundary wall)		Annual contracts that were to be utilized for staff changeroom had expired, and therefore the start of the project was delayed. Gibbon night room and sungazer enclosure was delayed because the informal tender was non responsive. Annual contracts that were to be utilized for the wild dog enclosure had expired and therefore the project was delayed.	A Professional Service Provider will be appointed to manage all projects and to develop multi year contracts for upgrades and refurbishments.
Tourism opportunities exploited in high value niche products	Upgrading of BCMM amenities and facilities to attract tourists	Number of Nature Reserves facilities upgraded	1	3 (Entrance feature, CCTV & Sidelinks in Nahoon point)	0		An extension of validity of the tender expired before the Professional Service Provider (PSP) appointment was finalised.	Professional Service Provider (PSP) tender document will be resubmitted to the Bid Specification Committee

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
To provide adequate amenities to serve all BCMM communities	Provide new amenities and improve infrastructure of existing amenities	Number of amenities upgraded	9	11	8		The annual contract for fencing expired in December 2017 and there was also no contract in place for the construction of roads.	Annual tender for fencing already submitted to BSC.
To promote an integrated spatial form	Implementation of informal settlements upgrade plan identified through NJSP and Housing sector plan	Number of Top structures practically complete	1297	583	553		N/A	N/A
To promote an integrated spatial form	Implementation of informal settlements upgrade plan identified through NJSP and Housing sector plan	Number of sites provided with municipal basic services	1000	866	1572		The target has been over achieved due to smooth performance of service providers.	N/A
Extensive investment and development of infrastructure networks	Improve, develop and maintain the condition of BCMM infrastructure	Number of pedestrian bridges constructed	1	1	0		Delay in the sitting of Bid Committees Contract 195: The Provision of Professional Consulting Services for the Design and Construction Monitoring on Roads and Stormwater Projects was only awarded at the beginning of June 2018.	Bid committees need to sit more often. Designs to commence 1st Quarter 2018/2019.
	Improve, develop and maintain the condition of BCMM infrastructure	Construction of Neeldoorn/Potdam Bridge	50% of construction completed	Completion of bridge deck	Bridge deck not completed		The contractor has been delayed by various on site issues including theft of plant material, inclement weather.	The construction programme has been revised and contractor given extension of time.
Extensive investment and development of infrastructure networks	Improve, develop and maintain the condition of BCMM infrastructure	Number of speedbumps constructed	45	32	87		The Directorate received an additional amount of R2 million during mid-year adjustments.	N/A
	Improve, develop and maintain the condition of BCMM infrastructure	Kilometers (km) of sidewalks constructed	3	1km	0		Delays in the sitting of Bid Committees. Contract 317 is at the BEC stage	Bid committees must sit more often
Extensive investment and development of infrastructure networks	Improve, develop and maintain the condition of BCMM infrastructure	Number of public transport facilities rehabilitated	1	1 (Taxi City)	1 (Taxi City)		N/A	N/A
To ensure all genuinely indigent households benefit from the indigent subsidy	Roll out indigent scheme to all indigent households in BCMM	Number of households earning less than R3200 per month with access to free basic services	75 000	5 000	75 868		The reasons for reduction in the Indigent Register was that beneficiaries did not apply or reapply for the Indigent Subsidy for the period commencing 1 July 2017, in terms of the Indigent Support Policy, despite written communication with the erstwhile beneficiaries.	The department will again attempt further communication with the erstwhile beneficiaries, and will also engage Ward Councilors to assist via the Ward Committee structures.
Improve Road Traffic safety within BCMM	Enhancement and upgrading of traffic facilities	% Progress completion of the KWT Traffic Centre	Appointment of a contractor and contractor on site	KWT Traffic Centre completed	KWT Traffic Centre not completed (90% completed)		Various delays were experienced during the final phase of the completion of the building such as 23 rain days delay and 41 days of delay due to polished concrete sub-contractor absconding on this project. The existing contractual Practical Completion date of 04 May 2018 will thus be adjusted and the new approved Practical Completion date is now end of August 2018.	Contractor has been granted a two month extension on the contract which is in terms of the contract agreement. Contractors are finalizing the final touches of the building in order to ensure that they meet the revised completion date of the end of August 2018.

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
Promote entrepreneurship to grow the business sector in BCMM	Provide capacity building and support to small businesses	Number of small businesses and cooperatives supported	350	600	600		N/A	N/A
KPA 3: LOCAL ECONOMIC DEVELOPMENT								
Promote entrepreneurship to grow the business sector in BCMM	Provide infrastructure for informal sector (township revitalization)	Number of infrastructure projects for informal traders implemented	0	2	0		The project could not be achieved due to the late appointment of a service provider, the service provider was only appointed on 25 May 2018	Briefing meeting has been scheduled with the appointed Service Provider on the 11 July 2018. A detailed plan will be submitted by the Service Provider that will outline when they will commence with the supply, deliver and erect stalls at Berfin, at least about 10 – 20 hawker could be erected in the first quarter based on the needs
Create an enable economic environment with focus on key growth sectors	Facilitate job creation	Number of job opportunities created through LED initiatives including implementation of Capital project	2450	2700	3429		There were a number of projects approved and events with popularity that created more jobs.	N/A
Create an enabling economic environment with focus on key growth sectors	Facilitate job creation	Number of job opportunities created through the Expanded Public Works Programme	3861	3882	3 509		The EPWP Reporting system has altered the targets as it is designed based on the National Government Reporting system.	Improvements in the first quarter are to be achieved after EPWP projects that were declared by Decorates are registered and reported in the EPWP.
Promote entrepreneurship to grow the business sector in BCMM	Establish and support existing incubation hub and innovation hubs	Number of incubation / innovation hubs established and supported	3	2	1		Engagements have been held with Eastern Cape Information Technology Initiative (ECITI) trying to ascertain intervention areas. It was resolved that they will forward a detailed plan of interventions but up until the end of financial year, there was nothing submitted.	Further engagements of follow ups will be made. If there are challenges support will have to be diverted to another incubation hub.
To develop, manage and promote Arts, Culture and Heritage in BCMM	Implement programmes aimed at developing, managing and promoting Arts, Culture and Heritage in Buffalo City in order to promote reconciliation and Social cohesion	Number of Arts, Culture and Heritage projects implemented	11	13	12		The tender document, Dr Rubusana Bronze statue project was deferred at the BSC meeting stage and this caused delays for it to be submitted in time to BEC. During the BEC stage proceedings, the committee could not sit for some time and this further caused delays as a result the department was required to craft a memo requesting an extension of the validity period. The tender document in respect of Chief Tshatshu Project was submitted not in time to Supply Chain and Supply Chain officials themselves advised the department in different ways of doing the evaluation report as a result that exercise impacted negatively as a result those appointment of a service provider.	Currently, the document is at BAC stage with all the necessary attachments and it is envisaged that at least it will be awarded at the beginning of the 1 st quarter period of 2018/19. The correct document has been submitted with the correct changes and it is envisaged that at least it will be awarded at the beginning of the 1 st quarter period of 2018/19.
To provide support to all farmers through Agricultural development programmes	Implement Metro Rural development and Agrarian Reform strategy	Number of Agricultural projects supported with infrastructure	4	10	2		The project could not be achieved on this quarter, due to delays in appointment of a service provider.	I. Gwabala village ward 50 dipping tank will be completed on the 1 st quarter FY 2018/19 as work has already commenced, to date work is 10% complete. II. Tsofeyeni village dipping tank will be completed on the 1 st quarter FY 2018/19 as work has already commenced, to date work is 40% complete. III. Irrigation system for 5 villages will commence now in the 1 st quarter and completion in the 2 nd quarter FY 2018/19. IV. Construction of a poultry structure at Tamara village is at 40% complete and therefore completion will be in the 1 st quarter FY 2018/19.
Create an enable economic environment with focus on key growth sectors	Implement Metro Rural development and Agrarian Reform strategy	Number of Agricultural farmer support programmes implemented	4	4	3		The order for livestock improvement (Supply and deliver of goats for BCMM projects) was first issued to a service provider that was unable to deliver. The Bid therefore was cancelled and re-advertised.	The target will be achieved in the first quarter of 2018/19.

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
To grow the tourism sector in Buffalo City	Implement programmes to develop, manage and improve tourism offerings of Buffalo City to enhance visitor experience	Number of programmes implemented to grow Buffalo City Tourism Sector	9	11	11		N/A	N/A
To ensure BCMIM is well structured and capacitated to deliver on its mandate	Optimise collaboration and participation of various sports development stakeholders	Number of sporting events supported	4	3	3		N/A	N/A
Sustainable city to meet operating obligations.	Implement revenue enhancement strategies	%Completion of Certified Valuation Roll	0	100%	100%		N/A	N/A
Reduction in high crime rate within BCMIM	Implement CCTV Master Plan	Number of areas covered by surveillance cameras	3	4 (CBD, Oxford street and Munifin payment hall, City Hall, Gomo cash office)	3 areas - completed. Completed the installation of 17 cameras at City Hall and 6 cameras at Gomo Bay, Offices, 6 cameras at Beacon Bay, 21 cameras at Munifin Building but project not completed as a whole due to fibre network and trenching delays.)		Delays due to trenching, fibre, foundations and IP Address connections which needs to be installed.	Contractors are finalizing the final trenching, foundations and the connection of IP Address in conjunction with ICT. (8) Poles manufactured & galvanized & (5) poles and brackets ready for mounting at Od Mutual & Munifin building in Oxford Street for (2) PTZs for cameras monitoring the CBD area. To be completed by August/September 2018.
To grow the tourism sector in Buffalo City	Implement programmes to develop, manage and improve tourism offerings of Buffalo City to enhance visitor experience	Number of tourism infrastructure supported	3	2	2		N/A	N/A
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT								
Sustainable City to meet operating obligations	Implement Revenue Enhancement Strategies	Total increase in the amount of revenue collected for traffic fines income	R 10 540 157	R 11 500 000	R 15 025 335.83		Increase in the amount of traffic fines collected can be attributed to the increase in operational activities such as road blocks which has resulted in offenders paying current & outstanding traffic fines on the spot. The appointment of a service provider to assist with the collection of traffic fines and outstanding traffic fines has also contributed in the revenue collection for traffic fines increasing substantially.	N/A
Sustainable City to meet operating obligations	Implement Revenue Enhancement Strategies	% progress towards installation of an Integrated Parking Meter Management System	N/A	20% installation of Parking Meter Management System	0%		Tender was advertised on the 6th April 2018 in Daily Dispatch and 8th April 2018 in the Sunday Times and is currently at Bid Evaluation Committee.	The process of appointing the service provider will be fast tracked during the first quarter of the upcoming financial year so that work commences soon thereafter.
To collect revenue derived from commission and rentals	To provide high quality market facility for trading transactions to take place	% increase of the annual revenue generated by the market	R20m	10%	10.52%		(a) Infrastructure improvements bring confidence for suppliers to bring more consignment which results to more produce offered for sale. (b) Enhanced security resulted in more footprint, translating to increased sales. (c) High demand for cold storage resulted in an increase in cold storage rental income (d) Marketing efforts (i.e. Market Open Day and Erection of signage) provide more coverage about the existence of the Market resulting into increased customer base.	N/A
Sustainable city to meet operating obligations.	Implement revenue enhancement strategies	% revenue Collection Rate as measured in accordance with the NSA performance regulations	89%	89%	88%		N/A	N/A

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
To ensure that BCMM is financially viable	Maintenance of credit rating at better than A	Credit rating maintained at A	A	A	A		N/A	N/A
To ensure that BCMM is financially viable	Maintain favourable cash management procedures	Current ratio (Municipality's ability to pay back its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables).	1.6:1	1.05:1	2.06:1		N/A	N/A
To ensure that BCMM is financially viable	Maintain long term borrowings below NT threshold	Debt to revenue percentage (the extent of Total Borrowings in relation to Total Operating Revenue).	35%	45%	10%		N/A	N/A
To ensure that BCMM is financially viable	Maintain long term borrowings below NT threshold	Cost coverage (ability to meet at least the municipality's monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month).	<3x fixed operating expenditure	<3x fixed operating expenditure	3.5x fixed operating expenditure		N/A	N/A
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
To minimise the impact of air pollutants on human health service plan	Implement Air Quality Management	Number of Air Quality Monitoring Priority Projects implemented	1	1	1		N/A	N/A
An implementable Innovation Strategy	Develop a BCMM Innovation Strategy	Number of innovation strategy developed.	Agreed Service Provider	Metro-wide Innovation Strategy	Draft Innovation Audit completed and Draft Innovation Strategy developed and presented to Project Steering Committee		Final draft Innovation Strategy and Implementation Plan withdrawn from Top Management meeting agenda in May 2018 for further amendments by Service Provider to be discussed at the next Top Management meeting. No Top Management meeting was held in June 2018.	Final draft Innovation Strategy and Implementation Plan to be submitted in July 2018 to Top Management, and thereafter to be submitted to Council.
To promote the competitiveness of various industries and increase export potential	Promote retention and expansion of existing industries	Number of industrial areas provided with support.	0	1 (Dintaba)	1 (Dintaba)		N/A	N/A
To be an inclusive city	Strengthen multi-stakeholders forum	Number of programmes implemented in partnership with Civil Society	2	2	2		N/A	N/A
		Number of training provided for Ward Committees	0	2	2		N/A	N/A
		Number of Inter-governmental Relations (IGR) forums meetings held	4	4	4		N/A	N/A
To protect and manage BCMM natural resource for future generations	Implement climate change mitigation strategies	Number of Climate change mitigation measures implemented	1	1 (Hosting of green expo)	1 (Hosting of green expo)		N/A	N/A

Specific Objectives	Strategies	Key Performance Indicator	Baseline 2016/2017	Target 2017/2018	ACTUAL ANNUAL PERFORMANCE 2017/18	Rating Key	Reasons for Deviation	Corrective Measures
To ensure BCMIM is well structured and capacitated to deliver on its mandate	Implementation of BCMIM Equity Plan	Number of people from employment equity target groups (disabled) employed	16	3	0		Moratorium placed in the filling of positions is contributing in the failure to meet the targets.	A relationship with Department of Labour has been established in order to access the database of qualified people with disabilities. In addition, a process of establishing a relationship with the Association for the Rehabilitation of Persons with Disability (Rehab) is underway.
Housing development located in quality environments and close economic opportunities	Registration of beneficiaries for housing opportunities	Number of beneficiaries registered for housing opportunities	1600	2000	2288		Over achievement is caused by the smooth running of the electronic web system as well as the growing requests from the wards to get people registered on the National Housing Needs Register.	N/A
Expenditure of all grant/ capital infrastructure for service delivery in the applicable financial year	Accelerate implementation of grant/ capital projects	% of municipality's capital budget actually spent on capital projects identified in terms of the IDP	>90%	100%	80%		The main contributing factor is the underspending on the smart metering project. The service provider was appointed through the transversal contract and a SLA had to be drawn up with BCMIM specific requirements. The service provider had to be given time to implement the requirements. The second delay was due to the fact that BCMIM took an approach to roll-out this into 100 meters which needed to be piloted first and upon the pilot exercise only then could the rest be rolled out.	Positive results on the analysis has been received, the updated project plan has since been approved and the full roll out has been taken and will start commencing from the 1 July 2018.
To provide adequate amenities to serve all BCMIM communities	Provide new amenities and improve infrastructure of existing amenities	Number of community halls upgraded	0	5 (Parkside, Scenery Park, Clements Kadale, Robbie de Lange, Ilitha)	5 (Parkside, Scenery Park, Clements Kadale, Robbie de Lange, Ilitha)		N/A	N/A
To be a smart city	Integrate physical and IT infrastructure to enhance multi modal connectivity	Number of information technology system integrated	4 General Ledger Transacting Systems	14 Transactional System	14 Transactional System		N/A	N/A
Municipal courts	Establishing municipal courts	Number Municipal Courts Established	0	11 Municipal Court	0 Municipal Court		Court could not be established due to SCM procurement process delay	Closely monitor performance of contractor on site.
By-laws	Review and rationalisation of by-laws	Number of existing by-laws reviewed	0	13 reviewed by-laws	0 reviewed by-laws		Council resolved to have their own workshop before the public participation process.	Public Participation workshop has been scheduled to take place from the 13th to 16th August 2018.
Improve the conditions of living in BCMIM townships	Implement the township revitalisation strategy	Number of applications township establishment developed	3	3	3		N/A	N/A
Youth job creation and institutional main stream business	BCMIM to partner with stakeholders to reduce the cost of doing business	Number of SMMEs Subcontracting on Infrastructure Contracts	9 in indatshane, 1 in Peet street	6 in Queneza Road, 6 in Zweitscha WWTW, 6 in Queneza Road, 6 in Zweitscha WWTW.	6 in Queneza Road, 6 in Zweitscha WWTW.		N/A	N/A
LEGENDS								
N/A = NOT APPLICABLE								
= TARGET ACHIEVED								
= TARGET NOT ACHIEVED								

BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

CHAPTER FOUR

**ORGANISATIONAL DEVELOPMENT PERFORMANCE
(PERFORMANCE REPORT PART II)**

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CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

The GDS Vision 2030 imperatives implemented through the IDP for 2017/18 include programmes that require rigorous planning and quality organisational performance reporting. The translation of the broad objectives of the BCMM's development plans and strategies into real results depends on the existence of a capable workforce. Building capacity and the competencies of the workforce while creating an environment for effective individual performance is a key imperative for organisational development. The City acknowledges that for it to meet the demands of service delivery it needs to evolve and be responsive to changing labour market and individual needs, and yet be flexible enough to address skills imbalances and shortages. This requires a properly planned and holistic approach to human resources management and development.

Improving recruitment processes (the first point of interphase between the City and its potential employees), implementing effective talent management strategies, adequate investment in the development of employees, promoting employee wellbeing to create a lasting positive experience, implementing an effective performance management system, strengthening governance and compliance as well as improving relations with organised labour are some of the key human resources management and development focus areas of the BCMM.

Organizational development and employee performance management forms part of the Human Resource support function that the Directorate of Corporate Services renders to BCMM employees. Services rendered by Human Resources include development of the organizational structure, capacitation of staff, recruitment of staff members, job evaluation, employee relations, safety and wellness and assisting management with the implementation of staff performance.

T 4.0.1

COMPONENT A:

INTRODUCTION TO THE MUNICIPAL PERSONNEL

The BCMM's employees and the skills they bring to the workplace are a critical input in the delivery of all services. Municipal services differ widely in terms of the skills needs and labour intensity. Some, by nature, require high-level skills, such as planning. Other skills are capital intensive, such as electricity and water distribution. Some are labour intensive, such as waste removal. However, in many instances, municipalities choose whether to use capital labour intensive technologies to perform particular activities or to deliver a particular service.

The City contributes directly to economic growth by providing a range of essential services to households and commercial enterprises, such as schools and hospitals. It has the potential to increase the contribution to economic growth by improving the reliability, quality and efficiency of the services that it provides to the community of BCMM. The City maintains the appropriate balance between core and support, with vacancies kept to a minimum.

This then calls for the effective management of municipal personnel. Managing municipal personnel ensures that people with the required skills are recruited, retained and appropriately deployed.

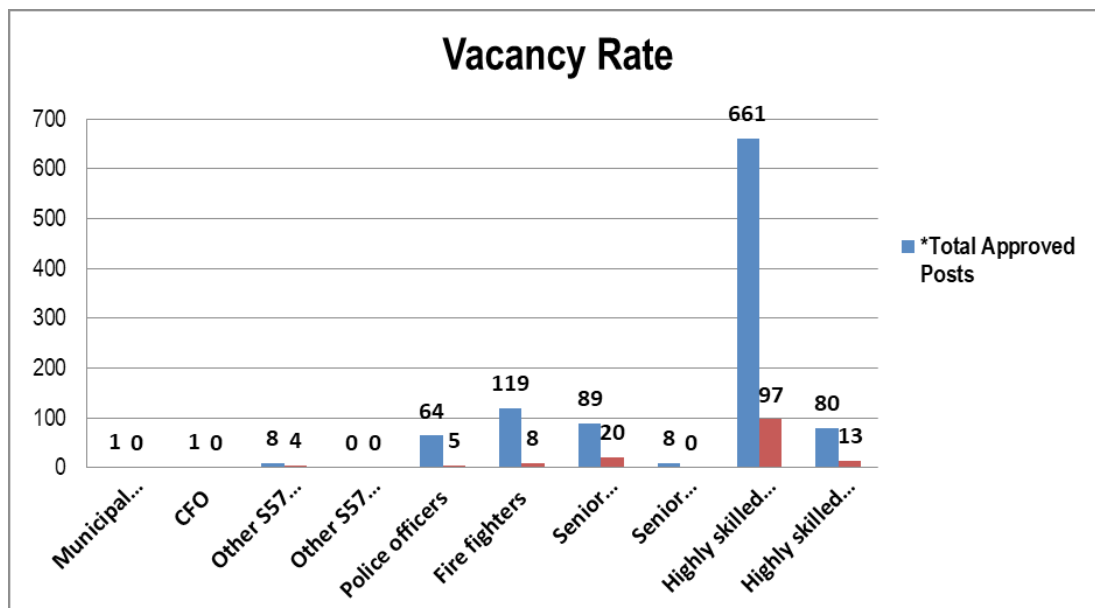
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year 2016/2017	Year 2017/2018			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	324	381	307	74	19.42%
Waste Water (Sanitation)	371	410	334	76	18.54%
Electricity	233	275	228	47	17.09%
Solid Waste Management	555	590	534	56	9.49%
Waste Disposal	44	45	44	1	2.22%
Housing COO Murp	58	72	57	15	26.32%
Roads Services	293	337	295	42	12.46%
Transport Services (Bus depot & Trans Planning	40	53	37	16	30.19%
Storm water	15	12	8	4	33.33%
Planning (City Plan Arch Survey Land Build)	144	163	136	27	16.56%
Local Economic Development Market	75	86	73	13	15.12%
Library Halls Arts & Culture Admin	184	210	172	38	18.10%
Cemeteries	96	103	87	15	15.53%
Child Care	2	2	2	0	0%
Pollution Control	1	3	2	1	33.33%
Bid diversity & Other (Env Services)	429	474	405	69	14.56%
Health Inspection	54	58	57	1	1.72%
Police office & other (Traffic Law)	710	743	703	40	5.38%
Fire Services incl fire admin	178	190	174	16	8.42%
Disaster management & Animal Licence	6	7	6	1	1.72%
Sport & Recreation	275	294	264	30	10.20%
Executive & Council	107	181	157	24	13.26%
Financial services excl Asset & SCM	549	634	545	89	14.04%
Human Resources	163	185	162	23	12.43%
ICT	30	41	34	7	17.07%
Legal Services Risk Management SCM	92	124	95	29	23.39%
Municipal Manager incl Know Man EPMO excl Legal Services	54	75	54	21	28%
Mechanical Services	77	100	76	24	34%
Totals	5159	5848	4048	880	13.67%

T 4.1.1

Vacancy Rate: Year 2017/2018			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00%
CFO	1	0	0.00%
Other S57 Managers (excluding Finance Posts)	93	22	23.65%
Other S57 Managers (Finance posts)	13	6	46.15%
Police officers	152	7	4.60%
Fire fighters	140	11	7.86%
Senior management: Levels 13-15 (excluding Finance Posts)	93	39	41.93%
Senior management: Levels 13-15 (Finance posts)	9	1	11.11%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	624	195	31.25%
Highly skilled supervision: levels 9-12 (Finance posts)	84	27	32.14%
Total	1210	308	25.48%

T 4.1.2



T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year 2015/2016	4997	255	5%
Year 2016/2017	5159	237	5%
Year 2017/2018	5048	223	4.44%

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER

The Head of Directorate posts reflected hereunder have been vacant since 2013 due to the establishment of the Metro structure.

The Following Head of Directorate posts have been filled:

- Head of Directorate: Local Economic Development and Agencies
- Head of Directorate: Human Settlements
- Head of Directorate: Health, Public Safety & Emergency Services

The Head of Directorate: Municipal Services is still vacant and currently an acting appointment has been made. The permanent appointment to the post has been placed on hold due to a legal challenge by one of the candidates which is currently at the appeal stage.

The moratorium on the filling of 522 posts is still in place and any position that becomes available as from 01 April 2017 has been filled.

Recruitment for the period July 2017 to June 2018 amounts to a total of 222 appointments for the period. However, promotions created 75 additional vacancies.

Other reasons for staff turnover are mentioned in the table below:-

REASON	JULY – SEPT 17	OCT – DEC 17	JAN – MAR 18	APR – JUN 18	TOTAL
Resignation	12	19	11	13	55
Retirement	16	35	17	24	92
Deceased	6	14	19	8	47
Medical Board	0	2	1	0	3
Dismissed	4	5	5	9	23
Contract Expiry	0	2	0	1	3
Total	38	77	53	55	223

T 4.1.4

BCMM has implemented a Talent Management Strategy approved by Council which has the following key elements:

- Payment of a scarce skills allowance to qualifying staff members;
- Payment of professional registration fees;
- Professional development of scarce skills staff;
- Implementation of Learnerships, apprenticeships, internships via the Infrastructural skills development grant, LGSETA, Office of the Premier and BCMM funding.

These strategies have contributed to the low staff turnover of BCMM, which at 4.44% is substantially lower than the staff turnover within the sector.

T4.1.4.

COMPONENT B:

MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Management of the workforce is a line function which is handled by managers and supervisors within all departments. Human Resources provides a support function to line management, enabling them to manage their workforce in compliance with legislation and policies.

A key aspect of workforce management is the involvement of municipal unions in staff-related matters. The main intervention in this regard is the monthly Local Labour Forum which comprises of delegations from Management and both unions. The Local Labour Forum functions as a consultation/negotiation forum as directed by the Organisational Rights Agreement. The Management delegation is headed by the Portfolio Head of Corporate Services, the City Manager and the Head of Directorate: Corporate Services.

In order to ensure proper consultation regarding workforce policies and management practices, such issues are firstly drafted at a management level and are then consulted extensively with the representative unions in the Local Labour Forum, before being submitted to Council or Top Management for approval.

BCMM has developed its necessary workforce policies as outlined in Table T4.2.1. Progress on any amendments needed are also outlined in T4.2.1. HR Policies are identified for development or review on an annual basis, based on need.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%	0%	05 May 1997
2	Attraction and Retention	100%	30%	Adopted in 2006
3	Code of Conduct for employees	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
4	Delegations, Authorization & Responsibility	0%	0%	
5	Disciplinary Code and Procedures	100%		Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
6	Essential Services	0%	0%	Part of the Code of Conduct
7	Employee Assistance / Wellness	100%	100%	07 October 2005
8	Employment Equity	100%	100%	27 September 2017
9	Exit Management	100%	80%	Included in the Recruitment, Selection and Appointments (Staff Provisioning Policy)
10	Grievance Procedures	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
11	HIV/Aids (Employee Assistance / Wellness Policy)	100%	100%	07 October 2005
12	Human Resource and Development	95%	0%	Submitted to Council and Pending Council approval
13	Information Technology	100%	0%	26 November 2015
14	Job Evaluation	100%	0%	South African Local Government Association (Salga) Policy applies.
15	Leave	100%	50%	Still being consulted with the relevant parties and once finalized will be submitted to Council for Approval
16	Occupational Health and Safety	100%	100%	01 May 2016
17	Official Housing	100%	0%	
18	Official Journeys	100%	100%	31 May 2016
19	Official transport to attend Funerals	100%	0%	05 May 2005
20	Official Working Hours and Overtime	100%	0%	19 June 2013
21	Organizational Rights	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
22	Payroll Deductions	100%	80%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
23	Performance Management and Development	100%	100%	21 Jun 2013
24	Recruitment, Selection and Appointments (Staff Provisioning Policy)	100%	80%	01 February 2010
25	Remuneration Scales and Allowances	100%	100%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
26	Resettlement	100%	80%	Included in the Recruitment, Selection and Appointments (Staff Provisioning Policy)
27	Sexual Harassment	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
28	Skills Development	95%	0%	Incorporated in the Human Resource and Development (HRD) Policy awaiting Council Approval.
29	Smoking	100%	20%	November 2011
30	Scarce Skills	100%	40%	15 May 2010
31	Work Organization	70%	0%	Policy in draft and in a process of being consulted with relevant parties.
32	Uniforms and Protective Clothing	100%	10%	01 September 2014

T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

All staff related policies are reviewed on an annual basis to ensure that policies are updated to comply with both legislative imperatives as well as operational needs. In the event of a policy needing to be drafted or amended, Management drafts such policy or amendment and considers it before consulting the representative unions in the Local Labour Forum, with a view to obtaining consensus. Once consultation is completed, the policy is then workshopped with Councillors, before Council approves such.

T 4.2.1.1

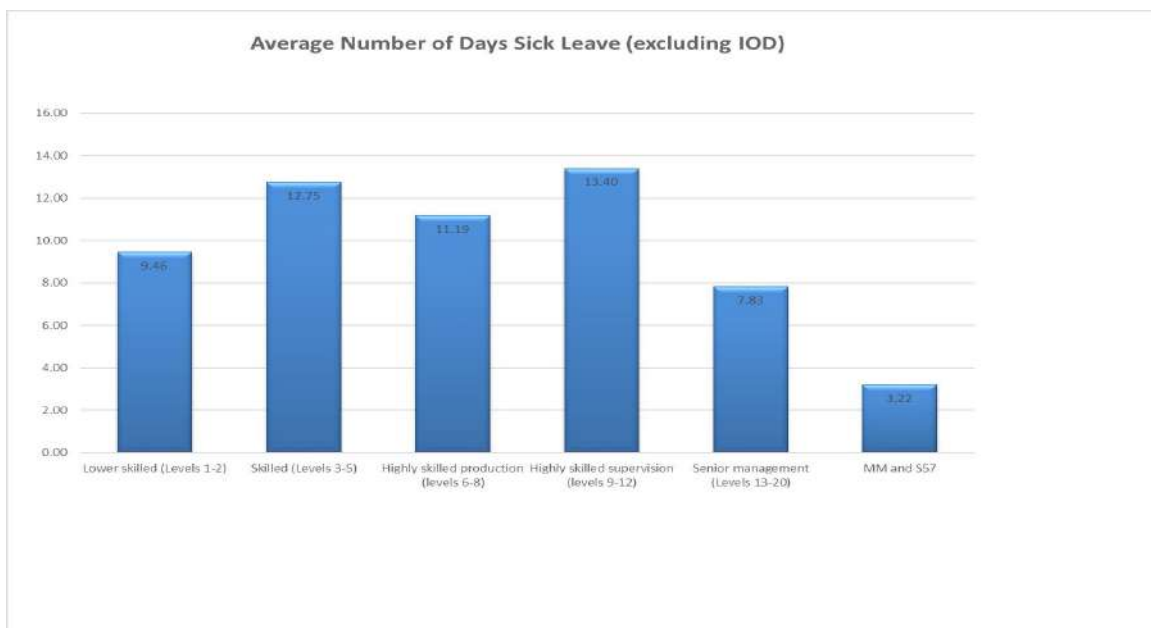
4.3 INJURIES, SICKNESS AND SUSPENSIONS

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	49	0%	0	R 161 408
Temporary total disablement	599	195	100%	3.07	R 2 873 663
Permanent disablement	0	0	0	0	0
Fatal	0	n/a	n/a	n/a	0
Total	599	244	100%	3.07	R3 035 071

T 4.3.1

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)	8478	16%	618	896	9.46	3 376
Skilled (Levels 3-5)	23811	21%	1568	1868	12.75	11 025
Highly skilled production (levels 6-8)	15573	27%	1116	1392	11.19	10 990
Highly skilled supervision (levels 9-12)	9208	24%	681	687	13.40	10 625
Senior management (Levels 13-15)	1535	27%	137	196	7.83	3314
MM and S57	29	24%	5	9	3.22	124
Total	58634	23%	4125	5048	57.85	39 454

T 4.3.2



T 4.3.3.

COMMENT ON INJURY AND SICK LEAVE:

BCMM Employee Wellness Centre situated in Southernwood renders Health and Wellness services to all BCMM Employees and Councillors. Employee Wellness is a sub division of HR reporting to Performance and Development. Three sections namely Occupational Health, Occupational Safety and Employee Assistance programmes (EAP) operate from the centre.

Occupational Health renders Occupational Health services as well as primary health care services to all Employees and Councillors. Occupational Risk and Safety services addresses legal compliance in terms of Occupational Health and Safety Act and other related legislation. Administrative functions with regard to Compensation of Injuries on Duty claims are performed from this office.

BCMM has struggled in the past to reduce its Disabling Injury Frequency Rate (DIFR) to a targeted level of 2.4 % or below. Introduction of a Safety Plan involving ongoing training and education of managers and staff has had a positive effect, substantially reducing the DIFR. As at 30 June 2017, the DIFR had been reduced to 2.3%. The continued focus on training and education has assisted in further reducing the DIFR to 1.35 % as at 30 June 2018.

EAP services is aimed at the wellbeing of Employees and Councillors in terms of work and personal related problems, the objective is to have a productive workforce who has access to assistance with regard to their individual wellbeing. The HIV/AIDS programmes resorts under EAP services.

The Human Resources Performance and Development Department also conducted a Wellness day during July 2017. 3 sessions were held, focussing on staff in the inland, midland and coastal areas. This intervention included cholesterol testing, pap smears, blood pressure assessments, sugar level tests, Body Mass Index tests, dietary advice as well as financial fitness/ debt counselling. The event was a huge success with approximately 4000 Councillors and Staff attending. An HIV Testing and counselling campaign was conducted at the same time whereby 3000 BCMM staff members volunteered for testing. The outcome of this campaign reflected that 5% of those tested are HIV positive.

The Prevalence statistics reflect as follows:

- 2004: Prevalence of 10.3 %
- 2007: Prevalence of 8.98 %
- 2011: Prevalence of 6.17 %
- 2016: Prevalence of 3.37 %
- 2017: Prevalence of 5.00 %

The slight increase in HIV prevalence is ascribed to the large number of staff tested. Increased education and counselling will be actioned during the next financial year.

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Cashier	Theft	13- Mar-2017	The case was lifted in terms of Council Resolution.	05-Oct-2017
Cashier	Theft	14-Mar-2017	The case was lifted in terms of Council Resolution.	05-Oct-2017
Acting Supervisor	Theft	31-Mar-2017	The case was lifted in terms of Council Resolution.	05-Oct-2017
Supervisor Resorts	Driving municipal vehicle whilst consumed alcohol and or intoxicating, consumption of alcohol and misuse of BCMM	05 -Jun-2017	The case was lifted in terms of Council Resolution.	05-Oct-2017
Supervisor Finance	Dishonesty and insubordination	04-Jun-2017	The case was lifted in terms of Council Resolution.	05-Oct-2017

T 4.3.5



Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
General Manager Communications & Public Participation	Financial Misconduct and R 5985000-00	Suspended	Pending
General Manager Supply Chain	Financial Misconduct and R 5985000-00	Suspended	Pending
Chief Financial Officer	Financial Misconduct and R 5985000-00	Suspended	Pending
Artisan Assistant	Gross Dishonesty & bringing BCMM in disrepute	Suspended	Finalised 22 August 2018 (Action taken)

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The following cases mentioned at table 4.3.6 relate to financial misconduct, namely:

- General Manager: Communications & Public Participation;
- General Manager: Supply Chain Management; and
- Chief Financial Officer.

The cases are ready to be heard. Both Prosecutors and the Disciplinary Chairperson has been appointed.

T 4.3.7

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

Roll-out of Performance Management (PMS) in BCMM has been implemented in accordance with the Municipal Systems Act 32 of 2000 for the Accounting Officer and Section 57 senior officials and administered by the Department of Integrated Development Planning and Performance Management

PMS is still at an initial stage of implementation at the lower levels following those of the Section 57 senior officials and no performance rewards have been issued as yet.

BCMM appointed a service provider in 2017 to assist with implementation of an electronic performance management system. However, due to performance issues, the contract on electronic Performance Management System has been cancelled and the institution has reverted to a manual system as an interim measure whilst the electronic Performance Management System is being re-advertised.

The institution further approved a budget for the introduction of an Institutional Cultural Behavior and Change Management project for the next three (3) years commencing in the 2018/19 financial year. The aim of this project is to implement Change Management to all staff to change the organization's culture to an ethical, accountable and performance-oriented culture

T 4.4.1

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total					

T 4.4.1

COMMENT ON PERFORMANCE REWARDS

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T 4.4.1.1

COMPONENT C:

CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

In line with the Municipal Systems Act 32 of 2000 which requires municipalities to develop their human resource capacity for optimisation of their competencies and performance, BCMM has implemented systems and controls to improve staff capacity. The Skills Development Act 97 of 1998 requires employers to do proper planning and implementation of capacity development initiatives for its employees by developing Workplace Skills Plans (WSPs) which contain training needs collected from employees and which are submitted to the Local Government SETA by the cut-off date of 31 April in each year. BCMM complied with the submission deadline for the WSP in this financial year and the LGSETA has approved its WSP. Training needs have been collected through a skills audit in the previous years but this has proved to be problematic. In order to address these challenges, a competency framework that shows skills and competences required in each position is in the process of being developed and will be used for the identification of competency/skills gaps through performance reviews of incumbents in each post. This will promote alignment of capacitation with performance management.

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June 2017/2018	Skills Matrix												
			Number of skilled employees required and actual as at 30 June 2018												
			ICT Learnerships, ISDG Interns, LGSETA Interns, Apprenticeship				Skills programmes & other short courses				Other forms of training – Bursaries				Total
No.	Actual: End of Year 2016/17	Actual: End of Year 2017/18	2017/2018 Target 2018/19	Actual: End of Year 2016/17	Actual: End of Year 2017/18	2017/2018 Target 2018/19	Actual: End of Year 2016/17	Actual: End of Year 2017/18	2017/2018 Target 2018/19	Actual: End of Year 2016/17	Actual: End of Year 2017/18	2017/2018 Target 2018/19	Actual: End of Year 2016/17	Actual: End of Year 2017/18	2017/2018 Target 2018/19
MM and s57	Female	3	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	6	0	0	0	0	0	0	0	1	0	0	0	1	2
Councillors, senior officials and manager	Female	102	0	0	0	41	48	30	5	3	20	46	51	50	50
	Male	144	0	0	0	52	92	28	16	20	34	68	112	62	62
Technicians and associate ar dentatt*	Female	52	32	31	28	17	12	159	7	6	6	56	49	193	193
	Male	296	30	31	26	17	36	104	31	20	8	78	87	138	138
Professionals	Female	116	15	18	14	37	68	38	24	15	17	76	101	69	69
	Male	144	9	10	12	40	34	34	22	27	30	71	66	76	76
Sub total	Female	273	47	49	42	95	128	227	36	24	43	178	201	312	312
	Male	590	39	41	38	109	162	166	69	68	72	217	271	278	278
Total		863	86	90	80	204	290	393	105	92	115	395	472	590	590
T 4.5.1															

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)(l))
Financial Officials						
Accounting officer	1	1	2	2	2	0
Chief financial officer	1	1	2	2	2	1
Senior managers	7	1	8	8	8	6
Any other financial officials	18	0	18	18	18	13
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	2	0	2	2	2	2
TOTAL	30	3	33	33	33	23

T 4.5.2

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2017/18							
			Learner ships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	3	0	0	70	0	0	0	70	0
	Male	6	0	0	0	0	30	7	30	7
Legislators, senior officials and managers	Female	107	0	0	600	578	600	593	1200	1171
	Male	155	0	0	700	700	700	699	1400	1399
Professionals	Female	116	2640	2640	600	600	500	489	4450	3729
	Male	143	2640	2640	500	490	500	480	4400	3610
Technicians and associate professionals	Female	52	4632	3632	600	580	540	540	5760	2760
	Male	296	4631	3631	600	595	540	529	5760	4764
Clerks	Female	622	1200	2200	700	690	500	500	2400	3390
	Male	289	1200	2200	800	790	500	500	2500	3490
Service and sales workers	Female	397	0	0	700	690	600	590	1300	1280
	Male	432	0	0	700	687	600	593	1300	1280
Plant and machine operators and assemblers	Female	98	0	0	700	698	600	599	1300	1297
	Male	334	0	0	900	695	600	601	1500	1296
Elementary occupations	Female	849	0	500	1000	955	700	689	2200	1684
	Male	1265	0	500	1000	1000	700	699	22700	1699
Sub total	Female	2244	9460	9480	4970	4831	4040	4000	18470	18311
	Male	2920	9460	9480	5200	4957	4170	4108	18630	18595
Total		5164	18943	18943	10170	9788	8210	8108	36300	34839

Budget is inclusive of conditional grant of R10,7m received from National Treasury augmenting R25,6m from BCMW to make a total of R36,1m thereby meeting target of R31 299780 09 which was 1.7% of the staff budget.

36300 34839

T4.5.3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

A Workplace Skills Plan (WSP) for the 2017/18 financial year which spelt out training and development initiatives budgeted for, was developed and implemented throughout the municipality including spontaneous training requests arising out of performance deficiencies during the course of the year. A target which was in line with IDP objectives was set up for human resource development activities at 1,7% of the annual payroll which was equivalent to R31 200 780.03. The annual payroll was R1 835 340 001,95 and formed part of the municipal budget. The actual budgetary allocation which was inclusive of Council own funds and grants from external bodies amounted to R35 675 576, the target was achieved with enhancement of competences of participants as well as spin-offs of permanent work opportunities for some of the unemployed youth who participated. Training expenditure from the allocated budget amounted to R34 082 593,60 and exceeded the targeted amount of R31 200 780 or 1,7% of payroll by 0,15%. The training budget was sourced from Local Government SETA grants, BCMM own funds as well as National Treasury Infrastructural Skills Development Grant. Funding received from these sources has proved to be adequate for planned training and development activities. The variance in the amounts budgeted and spent is due to increased expenditure on training and accommodation of law-enforcement officers who had to be sent to College in Port Elizabeth for an extended period, as well as appointment of interns and allocation of staff bursaries. Briefings are held consistently with departments to plan for the development of staff so that their needs find expression in the WSP. Assistance has been given to all personnel affected by the MFMA Regulations on minimum competency levels to acquire the Unit Standards prescribed for certain occupational categories. All staff affected by the MFMA Regulations on minimum competency levels have been and are prioritized for development to acquire the prescribed Unit Standards applicable to their occupational categories. Out of 30 staff members affected by the regulations only seven are still on development to acquire them. Mobility of staff within the organisation and new appointments have a bearing on the continuous development of staff to acquire the required competences.

T 4.5.4

COMPONENT D:

MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

BCMM's staff budget was R 1 733 321 456 during the 2017/2018 financial year.

The national salary increase for staff below S56 level is negotiated by the SALGBC for the financial year was 7.36%. Section 56 Senior Managers receive a salary increase as regulated by National Gazette No.41173 dated 10 October 2017.

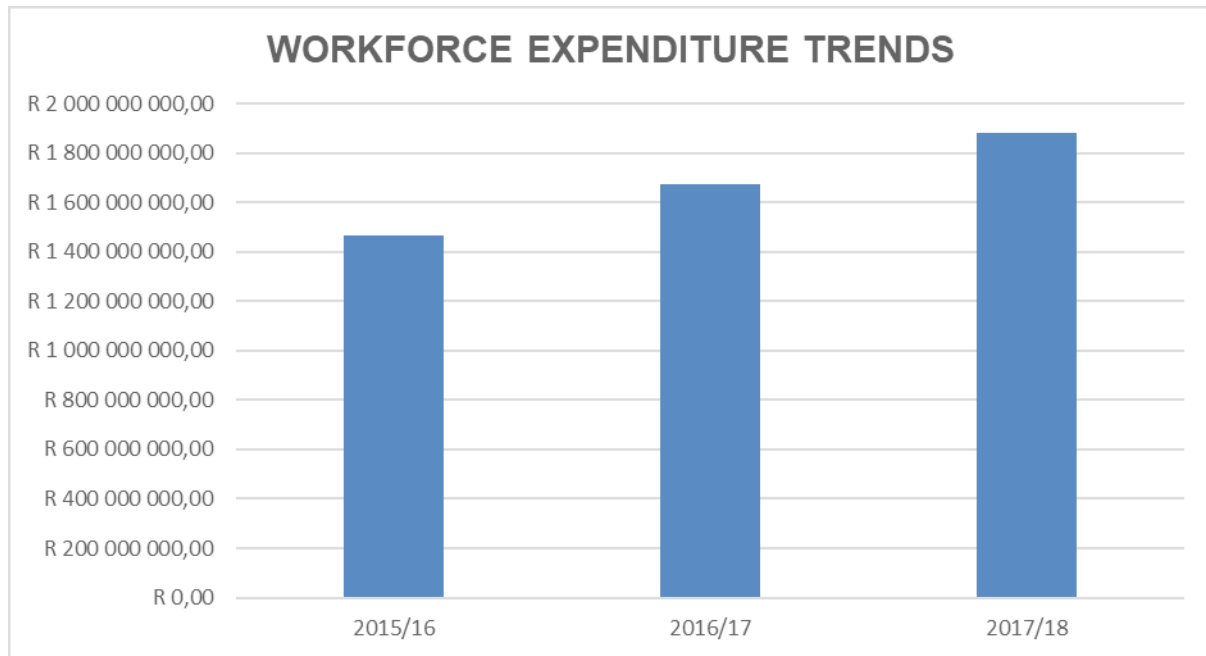
Employee expenditure is closely monitored and controlled each month by respective Line Managers. The Budget office submits monthly reports on any over/under expenditure and Line Managers are required to take the necessary corrective actions in order to be within the budgeted amount. The Municipality seeks to obtain value for money from the work force expenditure through various control initiatives such as Absenteeism Reduction and fully implementing the Biometric Employee Attendance Control system. Line Managers are required to ensure that employees are productive and are performance driven.

A comparison of workforce expenditure (including remuneration of Councillors) over the past 3 financial years is as follows:

Financial year	Budgeted amount	Expenditure	Expenditure pattern
2015/16	R1 492 882 121	R1 464 141 056	Within budget
2016/17	R1 564 167 130	R1 672 263 037	Exceeded budget
2017/18	R1 881 049 499	R1 883 336 383	Exceeded budget

T 4.6.0

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE

The increase in expenditure for the 2017/18 financial year can be attributed to the following reason:

1. General annual salary increase of 7.36% with effect from 1 July 2017.
2. The standardisation of salaries has been implemented in the 17/18 financial year.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2

Employees Whose Salary Levels Exceed the Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

In respect of T4.6.2 and T4.6.3 there is no reporting as the results of Job Evaluation have not yet been implemented. The report is pending the approval of the City Manager on all posts evaluated and audited in respect of T4.6.4.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

As part of standard management practices, geared towards promoting compliance with relevant and applicable legislation, City employees and Councillors disclosed their financial interests.

Refer to Appendix J: Disclosures.

T 4.6.6

BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

CHAPTER FIVE

FINANCIAL PERFORMANCE

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CHAPTER 5

FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

Buffalo City Metropolitan Municipality's financial performance is much improved and stable. The Metro achieved a credit rating of a signalling strong cash position with minimum exposure to long-term debt. The rating outlook is stable for both long-term and short-term, this is essential in ensuring the City's ability to secure funding in the market place and its ability to repay debt.

The City has experienced immaterial economic growth due to high unemployment which has resulted in an increase in bad debts. The Metro has focussed significant attention on developing revenue enhancement strategies to help grow the revenue base of the City.

The Annual Financial Statements reflect the continued progress being made by the municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its inhabitants. Government grants and subsidies have contributed to the significant increase in revenue, resulting in an improved capital spending occurring within the municipality. This is particularly important as it has a direct impact on service delivery to Buffalo City Metropolitan Municipality's constituent community.

Buffalo City Metropolitan Municipality is exposed to continued inflationary pressures and continues to attempt to manage these pressures through cost containment initiatives. These ongoing initiatives attempt to alleviate any undue pressure being placed on the community by tariff increases.

An area of particular concern is the need to increase spending on the maintenance of assets, to enable them to achieve their full estimated useful lives. The Metro has recognised that it is imperative for additional funding to be provided in the repairs and maintenance budget to address this need.

Buffalo City Metropolitan Municipality has sought to contain inflationary pressure by instituting the following cost containment measures:

- Filling of vacant funded posts remain frozen with the exception of identified critical posts.
- The employee allowances that are paid by the City are under review to eliminate possible duplication.
- The exercise of scrutinising cost drivers within the municipality's value chain to identify areas for efficiency improvement is still ongoing.

T 5.0.1

COMPONENT A:

STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003).

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.

Table 5.1.1 below presents the statement of comparison of budget and actual amounts for the 2017/2018 financial year. The statement of financial performance is presented using MFMA classification which is revenue by source and expenditure by type.

A surplus (including capital transfers and contributions) that amount to R365 million was achieved for the year under review. This reflects an unfavourable variance of R614 million in comparison to the budgeted surplus of R979 million.

The unfavourable revenue variance was a net result of variances from the following revenue sources:

- Property rates revenue: total revenue realised was R0.973 billion which was R0.148 billion below the budgeted amount of R1.121 billion.
- Service charges: realised a total revenue of R2.678 billion which was R0.258 billion below the budgeted amount of R2.936 billion.
- Investment revenue: interest earned on investments was R126 million which was R5 million below the budgeted amount of R131 million.
- Transfers recognised – operational: total revenue realised was R1.356 billion which was R0.023 billion below the budgeted amount of R1.379 billion.
- Other own revenue contributed R348 million to the City's revenue and this was R38 million below the budgeted other revenue of R386 million.

The City's total operating expenditure also experienced an unfavourable variance. The total expenditure incurred amounted to R6.063 billion in comparison to a budget of R5.953 billion, thus resulting in an unfavourable variance of R0.110 billion. The largest contributors to this variance were:

- Debt impairment: it amounted to R310 million which was R135 million above the budgeted expenditure of R175 million.
- Depreciation & asset impairment: it amounted to R993 million which was R17 million above the budgeted expenditure of R976 million.
- Other expenditure: it amounted to R1.225 billion which was R0.069 billion above the budgeted expenditure of R1.156 billion.

The statement of financial position for 2017/2018 reflects a favourable position as the City is having excess assets over liabilities resulting into the net worth of R19.53 billion. The value of the municipality's total assets is R22.05 billion, which comprise of current assets to the value of R3.24 billion and non-current assets amounting to R18.81 billion. The value of the municipality's total liabilities is R2.52 billion, which comprise of current liabilities to the value of R1.65 billion and non-current liabilities amounting to R0.872 billion.

The long-term loans comprise a total of R345 million, which is a decrease of R53 million 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.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2017/2018							2016/2017							
	Original Budget	Budget Adjustments (lto. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (lto. s31 of the MFMA)	Virement (lto. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	1 225 285	(104 110)	1 121 175			1 121 175	972 680		(148 495)	86.8%	79.4%				858 852
Service charges	3 011 895	(75 248)	2 936 647			2 936 647	2 678 192		(258 455)	91.2%	88.9%				2 593 542
Investment revenue	157 241	(26 000)	131 241			131 241	126 690		(4 550)	96.5%	80.6%				148 011
Transfers recognised- operational	1 368 106	11 011	1 379 116			1 379 116	1 356 550		(22 566)	98.4%	99.2%				1 304 827
Other own revenue	437 502	(51 185)	386 317			386 317	348 363		(37 954)	90.2%	79.6%				353 372
	6 200 028	(245 532)	5 954 496			5 954 496	5 482 476		(472 020)	92.1%	88.4%				5 258 605
Total Revenue (excluding capital transfers and contributions)															
Employee costs	1 748 500	90 621	1 839 121			1 839 121	1 838 345	2 287	(776)	100.0%	105.1%	38 425	38 425	-	1 627 383
Remuneration of councillors	63 248	(3 020)	60 229			60 229	60 373	-	144	100.2%	95.5%	-	-	-	55 482
Debt impairment	317 788	(142 860)	174 928			174 928	310 385	13 126	135 457	177.4%	97.7%	-	-	-	203 883
Depreciation & asset impairment	778 744	196 849	975 593			975 593	992 860	21 675	17 267	101.8%	127.5%	12 050	12 050	-	807 459
Finance charges	54 320	(10 359)	43 961			43 961	43 960	-	(1)	100.0%	80.9%	-	-	-	49 359
Materials and bulk purchases	1 578 167	71 202	1 649 369			1 649 369	1 552 488	573	(96 880)	94.1%	98.4%	-	-	-	1 558 514
Transfers and grants	305 537	(252 233)	53 304			53 304	39 331	-	(13 973)	73.8%	12.9%	-	-	-	43 173
Other expenditure	1 351 836	(195 508)	1 156 329			1 156 329	1 225 252	2 395	68 923	106.0%	90.6%	45 402	45 402	-	1 242 363
	6 198 140	(245 306)	5 952 833			5 952 833	6 062 994	40 056	110 160	101.9%	97.8%	95 876	95 876	-	5 587 617
Surplus/(Deficit)	1 889	(226)	1 663			1 663	(580 518)		(582 181)	-34907.8%	-30732.6%				(329 012)
Transfers recognised - capital	795 307	181 525	976 832			976 832	930 588		(46 244)	95.3%	117.0%				669 780
Contributions recognised - capital & contributed assets	-	229	229			229	3 394		3 165	1482.0%	0.0%				-
Surplus/(Deficit) after capital transfers & contributions	797 196	181 528	978 724			978 724	353 464		(625 260)	36.1%	44.3%				340 768
Taxation	-	-	-			-	(538)		(538)	0.0%	0.0%				638
Share of surplus/ (deficit) of associate	-	-	-			-	11 534		11 534	0.0%	0.0%				19 142
Surplus/(Deficit) for the year	797 196	181 528	978 724			978 724	365 536		(614 264)	37.3%	45.9%				359 272
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	795 307	181 525	976 832			976 832	930 588		(46 244)	95.3%	117.0%				631 207
Public contributions & donations	-	-	-			-	-		-	0.0%	0.0%				-
Borrowing	69 000	(69 000)	-			-	-		-	0.0%	0.0%				-
Internally generated funds	781 859	12 884	794 743			794 743	495 926		(298 817)	62.4%	63.4%				630 702
Total sources of capital funds	1 646 166	125 409	1 771 575			1 771 575	1 428 514		(345 061)	80.5%	86.7%				1 261 908
Cash flows															
Net cash from (used) operating	1 788 180	80 101	1 868 281			1 868 281	1 499 345		(368 936)	80.3%	83.8%				591 524
Net cash from (used) investing	(1 583 446)	(178 915)	(1 762 362)			(1 762 362)	(1 316 308)		446 053	74.7%	83.1%				(1 224 613)
Net cash from (used) financing	19 726	(67 368)	(47 642)			(47 642)	(47 642)		-	100.0%	-241.5%				(50 709)
Cash/cash equivalents at the year end	2 539 412	(795 065)	1 744 347			1 744 347	1 825 497		81 150	104.7%	71.9%				1 690 102
															T 5.1.1

Financial Performance of Operational Services

Financial Performance of Operational Services						
R '000						
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	700 469	575 132	561 390	623 453	7.75%	9.95%
Waste Water (Sanitation)	406 882	483 287	383 445	303 305	-59.34%	-26.42%
Electricity	1 666 737	1 829 086	1 794 010	1 854 018	1.34%	3.24%
Waste Management	389 104	359 525	336 799	322 769	-11.39%	-4.35%
Housing	171 503	136 025	124 837	105 092	-29.43%	-18.79%
Component A: sub-total	3 334 696	3 383 055	3 200 479	3 208 637	-5.44%	0.25%
Waste Water (Stormwater Drainage)	0	0	0	0	0.00%	0.00%
Roads	159 492	497 605	502 910	454 135	-9.57%	-10.74%
PIU & Construction	359 362	34 363	34 192	43 049	20.18%	20.57%
Transport	24 767	47 945	69 590	84 999	43.59%	18.13%
Component B: sub-total	543 622	579 913	606 691	582 183	0.39%	-4.21%
Planning	85 212	63 356	62 119	98 726	35.83%	37.08%
Local Economic Development	70 226	92 052	86 560	80 109	-14.91%	-8.05%
Component B: sub-total	155 438	155 407	148 679	178 835	13.10%	16.86%
Libraries, Archives, Museums, Galleries, Community Facilities etc	54 981	59 436	120 698	128 544	53.76%	6.10%
Cemeteries and Crematoriums	32 038	34 813	34 615	34 823	0.03%	0.60%
Child Care, Aged Care, Social Programmes	0	0	0	0	0.00%	0.00%
Component C: sub-total	87 019	94 250	155 313	163 367	42.31%	4.93%
Pollution Control	0	0	0	0	0.00%	0.00%
Bio-Diversity, Landscape and Other	121 352	141 842	156 487	157 197	9.77%	0.45%
Component E: Environmental Protection - sub-total	121 352	141 842	156 487	157 197	9.77%	0.45%
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	33 295	38 668	36 728	36 346	-6.39%	-1.05%
Component F: Health - sub-total	33 295	38 668	36 728	36 346	-6.39%	-1.05%
Traffic Services & Law Enforcement	183 515	233 011	234 477	237 852	2.03%	1.42%
Fire	111 493	120 152	93 288	90 367	-32.96%	-3.23%
Other (Disaster Management, Animal Licencing and Control etc	3 902	5 130	4 856	4 223	-21.49%	-15.01%
Component G: Security and Safety - sub-total	298 910	358 293	332 621	332 442	-7.78%	-0.05%
Sport and Recreation	70 287	68 342	77 062	87 945	22.29%	12.38%
Component H: Sport and Recreation - sub-total	70 287	68 342	77 062	87 945	22.29%	12.38%
Executive and Council	252 246	343 144	343 117	314 477	-9.12%	-9.11%
Financial Services	620 867	558 213	478 414	600 749	7.08%	20.36%
Human Resources Services	75 870	171 518	126 458	124 686	-37.56%	-1.42%
Information and Communication Technology	67 774	53 856	72 669	73 386	26.61%	0.98%
Property, Legal, Risk Management and Procurement Services	245 773	162 851	161 398	128 484	-26.75%	-25.62%
Component I: Policy Offices and Other sub-total	1 262 530	1 289 583	1 182 056	1 241 783	-3.85%	4.81%
Other	138 012	88 787	56 716	74 259	-19.56%	23.62%
Component J: Other sub-total	(319 530)	88 787	56 716	74 259	-19.56%	23.62%
Total Expenditure	5 587 617	6 198 140	5 952 833	6 062 994	-2.23%	1.82%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

COMMENTS ON MATERIAL VARIANCES (SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS FINAL BUDGET):

REVENUE BY SOURCE

Property Rates

The valuation roll was reduced by a total value of R2.1 billion during the 2017/2018 financial year, due to incorrect property values. This led to a reversal of rates charged based on the incorrect valuation, thus reducing rates revenue.

Service Charges

The factors that influence the variance are as follows:

- Customers that implement cost cutting measures with regards to consumption;
- Customers that apply to be charged on different tariffs i.e. reduction in demand; and
- Customers that have moved off the municipal grid.

Other Own Revenue

Other revenue is made up of numerous items. The revenue items contributing to the material variance are the following:

- Agency fees: Agency fees depend on the number of licenses & permits transacted through BCMM. Loss of revenue is due to the fact that vehicle licenses can be renewed at the Post Office and the Department of Transport directly. Members of the public generally go to the closest convenient point in order to pay which may not always be BCMM.
- Collection Charges: This relates to the recoverable legal costs to be recovered from debtors. Legal action could not be taken due to the fact that the contract with the Collection Agents commenced in the last quarter of the financial year.

EXPENDITURE BY TYPE

Debt impairment: the variance results from more debts written off than projected.

Loss on disposal of assets of R2.5 million was incurred as a result of de-recognition of assets and investment property.

CAPITAL EXPENDITURE AND FUNDS SOURCES

Public Contributions & Donations

BCMM recognized assets transferred by other Municipalities in terms of the demarcation pronounced 3rd August 2016.

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. The above highlighted inefficiencies are being addressed by management.

CASH FLOWS

Net cash from (used) operating

The factors that influence the variance are as follows:

- Customers that implement cost cutting measures with regards to consumption;
- Customers that apply to be charged on different tariffs i.e. reduction in demand; and
- Customers that have moved off the municipal grid.

Net cash from (used) investing

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.

T5.1.3

5.2 GRANTS

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 R931 million which is 95% of R977 million.

The grant performance table below provides a summary of capital transfers and grants.

Operating Grant Performance						
R' 000						
Description	2016/2017	2017/2018		2017/2018 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	1 176 718	1 260 713	1 271 138	1 264 867	0.00	0%
Equitable share	678 191	705 277	705 277	705 277	0.00%	0%
Infrastructure Skills Development	6 760	10 560	10 560	8 715	-21.17%	-21%
Finance Management	1 187	1 200	1 300	1 300	7.66%	0%
Expanded Public Works Programme Inc	1 254	4 952	4 952	4 952	0.00%	0%
Urban Settlement Development	77 408	63 044	71 202	71 193	11.45%	0%
Public Transport Network Grant	1 888	7 702	9 869	5 453	-41.25%	-81%
General Fuel Levy	410 031	467 978	467 978	467 978	0.00%	0%
Other transfers/grants [insert description]						
Provincial Government:	124 684	105 800	105 800	87 508	-0.21	-0.21
Library Subsidy	15 000	15 000	15 000	15 000	0.00%	0%
Dept of Human Settlement	105 906	90 800	90 800	71 003	-27.88%	-28%
Department of Public Works	2 034	–	–	–	0.00%	0%
Office of the Premier	752	–	–	–	0.00%	0%
DEA - GMC Grant (BCMDA)	991	–	–	1 505	0.00%	0%
District Municipality:	262	–	–	–	-	-
State Health-Environmental	262	–	–	–	–	–
Other grant providers:	3 163	1 593	2 178	4 175	0.62	0.48
SETA - Skills Development	2 935	–	–	3 115	100%	100%
Salauda/Gavle	229	1 455	1 455	639	-127%	-127%
Glasgow	–	–	90	90	100%	0%
City of Oldenburg	–	–	496	253	100%	-96%
Leiden	–	138	138	77	-78%	-78%
[insert description]						
Total Operating Transfers and Grants	1 304 827	1 368 106	1 379 116	1 356 550	-1%	-2%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.2.1

COMMENT ON TRANSFERS AND GRANTS:

BCMM had unspent DoRA conditional grants to the value of R43.7 million for 2017/2018 financial year as disclosed in 2018 Annual Financial Statements. The DoRA unspent conditional grants comprised of Urban Settlement Development Grant (USDG) – R0.291 million, Infrastructure Skills Development Grant (ISDG) - R1. 8 million and Public Transport Network Grant (PTNG) - R41.6 million, wherein the metro refunded the unspent funds to the National Revenue Fund.

The reasons that led to the underspending on DoRA grants are:

- Infrastructure Skills Development Grant - the underspending is a result of scarcity of targeted graduates with B. Degrees in Civil Engineering and Electrical Engineering during recruitment. This was informed by the analysis of Employee Profile as per the Institutional Workplace Skills Plan. Only one candidate in each of the two disciplines mentioned above at a B. Tech level and not the B.Sc. or B. Eng. that was aimed at. The only option was to enrol candidates with National Diplomas at a Technician level instead of the Engineer level that had been prioritised. This also prompted the municipality to having a career exhibition in the City in order to highlight the areas where the youth have to undertake studies that are relevant to the economy.
- Public Transport Networks Grant – poor spending was due to the termination of the contract after the service provider could not meet compliance matters, a replacement contractor was only appointed end June 2018. The City is improving its contract management so that it is in a position to deal quicker with contractual matters on projected implementation. This has always been a manual process and the City is intending to have it automated in an effort to improve efficiency.

PURPOSE OF GRANTS & TRANSFERS RECEIVED

Financial Management, Grant

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

The allocated grant funding was fully spent by appointing nine (9) interns that served in the Financial Management Program in the current financial year. Furthermore, the funding was utilized to support the training of municipal officials and interns in financial management.

Energy Efficiency and Demand Side Management Grant

To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

The grant funding was fully spent to implement LED energy efficient street lighting at the main access roads leading into East London. The project consisted of the implementation of 1597 energy efficient LED streetlights, resulting in reducing energy consumed by public lighting infrastructure which will save energy costs.

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 contributing factor towards the underspending of R1.8 million on ISDG is due to scarcity of targeted graduates with B. degrees in Civil Engineering and Electrical Engineering during recruitment. This was informed by the analysis of Employee Profile as per the Institutional Workplace Skills Plan. Due to the scarcity of targeted graduates, this has prompted the municipality to have a career exhibition in the city in order to highlight the areas where the youth need to undertake studies that are relevant to the economy.

Expanded Public Works Programme

To incentivize municipalities to expand work creation efforts through the use of labour intensive delivery methods in compliance with the EPWP guidelines. To improve the quality of life of poor people and increase social stability through engaging the unemployed in productive activities.

The grant funding was fully spent to incentivize the following EPWP IG projects:

- a) Waste Minimization, Recycling Awareness and Waste Separation Programme
- b) Pirrie Mission Food Security Programme
- c) Duncan Village Revitalization Programme
- d) Coastal Protection Programme
- e) Ginsberg Cleaning and Beautification Programme
- f) Administration and Data Capturers

Urban Settlement Development Grant

To assist metropolitan municipalities to improve urban land production to the benefit of poor households, by supplementing the revenues of metropolitan municipalities to:

reduce the real average cost of urban land, increase the supply of well-located land, enhance tenure security and quality of life in informal settlements, improve spatial densities and to subsidize the capital costs of acquiring land and providing basic services for poor households.

The grant funding was 100% spent. The grant funding is still aligned towards the provision of services that will improve household access to basic services through the provision of bulk and reticulation infrastructure and urban land production to support the broader urban development and spatial integration aligned to the Built Environment Performance Plan of the metro.

Public Transport Network Grant

To provide funding for accelerated construction and improvement of public and non-motorized transport infrastructure that form part of a municipal integrated public transport network and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services.

The grant was funding the following projects in the 2017/18 financial year:

- o Transport Register
- o The Review of BCMM Business Plan and Operation Plan
- o Upgrading of Qumza Highway

The major contributor to the under expenditure is the termination of the contractor that was appointed for the Qumza Highway project. Qumza Highway project was allocated a budget of R76 million and 53% (R41 million) was spent; the remaining unspent balance being R36 million.

Integrated City Development Grant

To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focusing their use of available infrastructure investment and regulatory instruments.

The funding was fully spent. The implemented project consisted of the milling and re-surfacing of 1.15km of Oxford Street from Fleet Street to St. Georges Street including North Street and Albany Street.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2016/2017	Actual Grant 2017/2018	Year 2017/2018 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	16 315	109 905	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						
Salaïda/ Gavle	–	30	0	N/A	0	An inter-governmental agreement aimed at poverty alleviation and sustained development.
Library Subsidy	15 000	15 000	0	N/A	0	To transform urban and rural community library infrastructure, facilities and services
Local Government Sector Education & Training Authority Fund (SETA)	2 935	3 115	0	N/A	0	The key focus must be to address scarce and critical skills through programmes that are designed to address needs which include such skills as work integrated learning.
Provide a comprehensive response to this schedule						T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES.

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.

Salaïda/ Gavle

The partnership between Sweden and Buffalo City Metropolitan Municipality was formed to strengthen local democracy, improve competence and capacity among the parties in their developmental role as service providers through mutual transfer of knowledge and to promote economic growth.

Local Government Sector Education & Training Authority Fund (SETA)

This grant is informed by the Skills Development Levies Act; the municipality is compelled to pay 1% of the workers' pay to the skills development levy. The municipality gets back some of the money back from SETA as a refund if they train their workers. Funding is used to fund the education and training programmes as contained in Workplace Skills Plan (WSP) and Annual Training Report (ATR) of SETA.

Library Subsidy

The City has an agreement with the Department of Sports, Recreation, Arts & Culture (DSRAC) for the running of the libraries within the jurisdiction of Buffalo City Metropolitan Municipality, therefore the grant is transferred to the City to fund the operations of the libraries.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

BCMM has two divisions within finance department that are responsible for Assets; being; Asset Reporting and Insurance division, and Corporate Asset Management. Both divisions liase with asset custodians to ensure accurate asset reporting, adequate insurance and full asset management of all council assets.

Staff compliment for asset reporting section is 21 staff members, and 15 for Corporate Asset Management division . Corporate Asset Managemnt division is a newly eatblished section and has not been fully populated with staff as yet.

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.

A full asset management training is planned for the 18/19 fin year to ensure that staff is fully capacitated.

Asset related policies currently in use are; Movable Asset Policy, and Immovable Asset Policy. Both policies have been aligned with GRAP standards and are reviewed annually for compliance with all other regulations. The main focus areas of both policie are accounting for assets and compliance.

Key issue under development is procurement of a fully intergrated asset management system, to ensure that all council assets are on one system, and that BCMM is able to account for all assets for their full life cycle.

T5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/2018				
Asset 1				
Name	Property, Plant, Equipment			
Description	Upgrading of Mdantsane Roads			
Asset Type	Roads			
Key Staff Involved				
Staff Responsibilities				
	2014/2015	2015/2016	2016/2017	2017/2018
Asset Value	90,609,673	59,996,030	56,374,995	84,773,218
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Property, Plant, Equipment			
Description	Bisho , KWT & Zwelitsha Bulk Regional Scheme			
Asset Type	Sanitation			
Key Staff Involved				
Staff Responsibilities				
	2014/2015	2015/2016	2016/2017	2017/2018
Asset Value	12,943,028	26,400,000	110,645,923	126,470,625
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Property, Plant, Equipment			
Description	Fleet Street			
Asset Type	Roads			
Key Staff Involved				
Staff Responsibilities				
	2014/2015	2015/2016	2016/2017	2017/2018
Asset Value	18,698,302	19,993,555	81,485,886	49,558,497
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

COMMENT ON ASSET MANAGEMENT:

Improving asset management continues to be a focus for Buffalo City Metropolitan Municipality, as it is the area from which services are delivered to the inhabitants of the Municipality and subsequently the primary area of revenue generation. The Metro has engaged a service provider to assist with asset management and reporting, including the review and updating of the Infrastructure Asset Management Policy and Valuation Guide.

In deciding which projects to implement, the relevant Buffalo City Metropolitan Municipality departments undertake needs analyses to establish the communities' priority needs. This information is then fed into the IDP and used to make informed decisions with regard to which assets require prioritization.

T 5.3.3

Repair and Maintenance Expenditure: 2017/2018				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	462,450	353,689	355,292	23%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

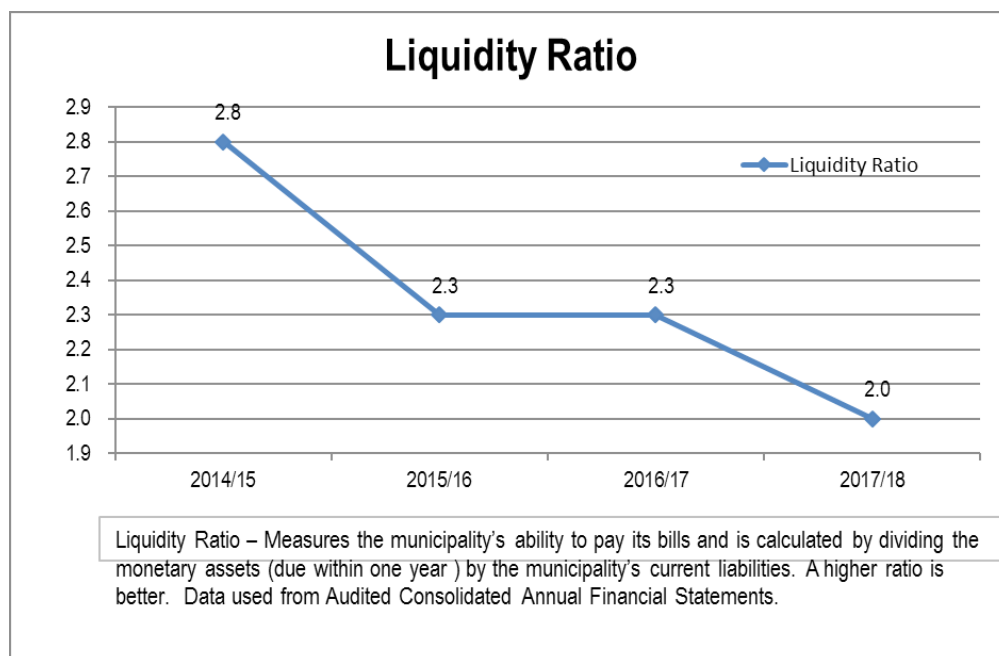
The City budgeted 6% for repairs and maintenance of its total Operating Expenditure Budget. The City is striving towards 8% repairs and maintenance of its Property Plant & Equipment owing to the aging of the City's infrastructure and historic deferred maintenance. Due to budget limitations on operating expenditure budget, the City budgets for renewal and upgrading of existing assets to supplement the budget for repairs and maintenance. Buffalo City Metropolitan Municipality spent 100% of its repairs and maintenance budget during the year under review. This was spent primarily on infrastructure maintenance.

BCMM is the only metro that is using the revaluation model to value its PPE. This has a huge effect on the repairs and maintenance as a % of PPE. Therefore, BCMM is complementing its repairs and maintenance budget with the capital budget allocation for renewal and upgrading of existing assets using own funding generated from depreciation. The approved budget allocation for the past few years has not been fully spent at year end. The City is re-assessing the strategy of using revaluation method to value its PPE. An investigation is also being undertaken to assess whether there are any deficiencies in the implementation of the repairs and maintenance budget.

T 5.3.4.1

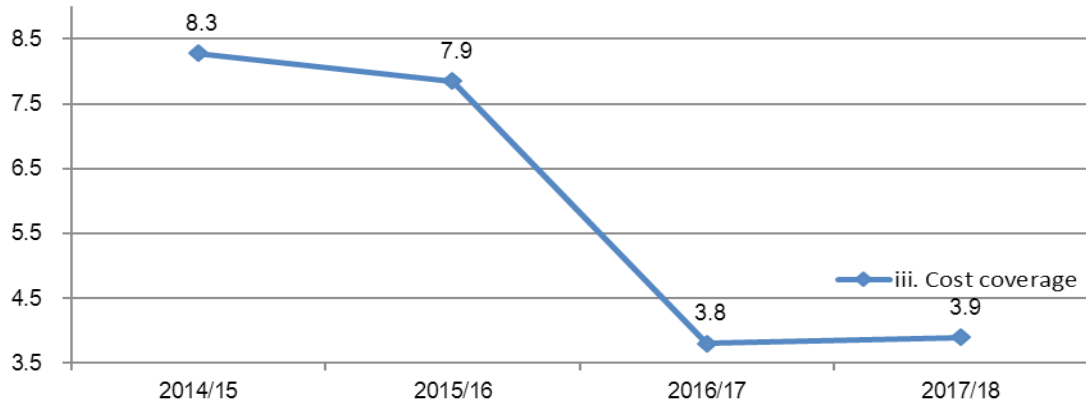
Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	125	129	128	-2%
T 5.3.4				

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



T 5.4.1

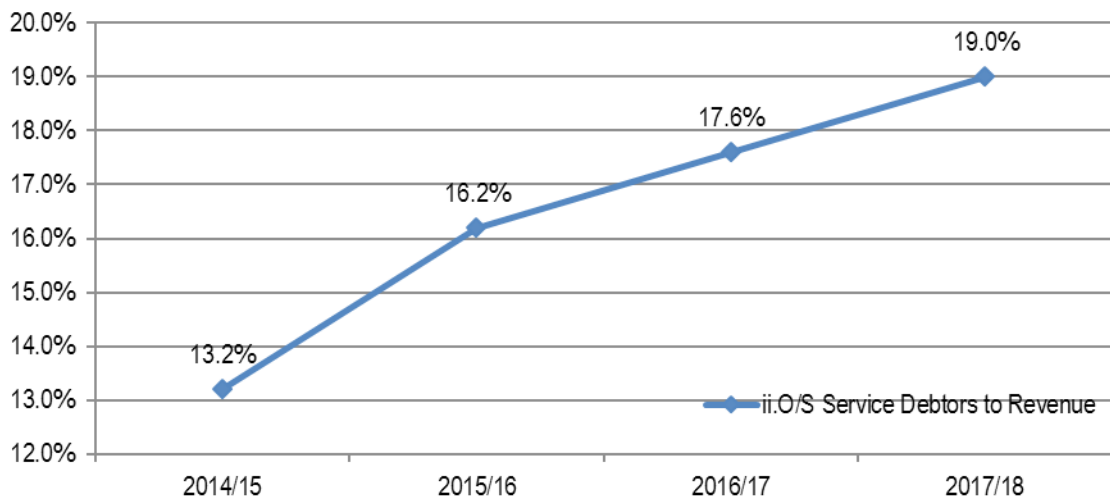
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated as follows: $(\text{Available cash} + \text{Investments}) / \text{monthly fixed operational expenditure}$. Data used from Audited Consolidated Annual Financial Statements.

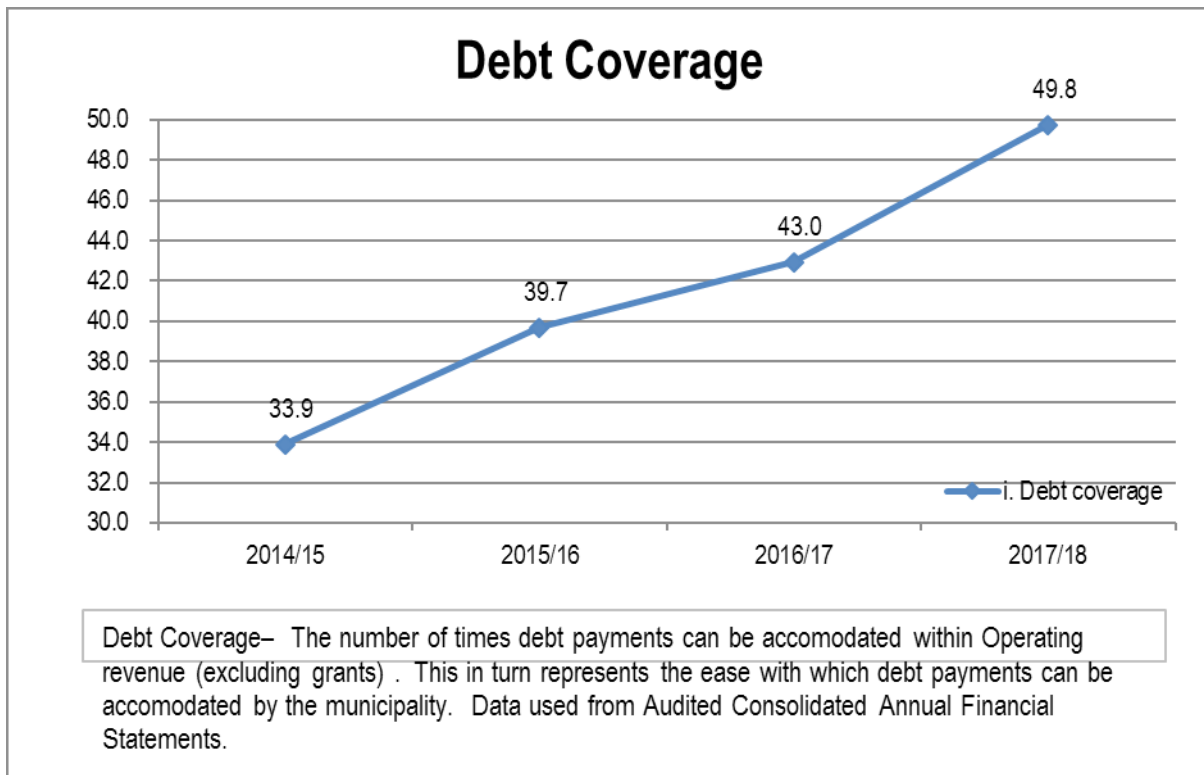
T 5.4.2

Total Outstanding Service Debtors

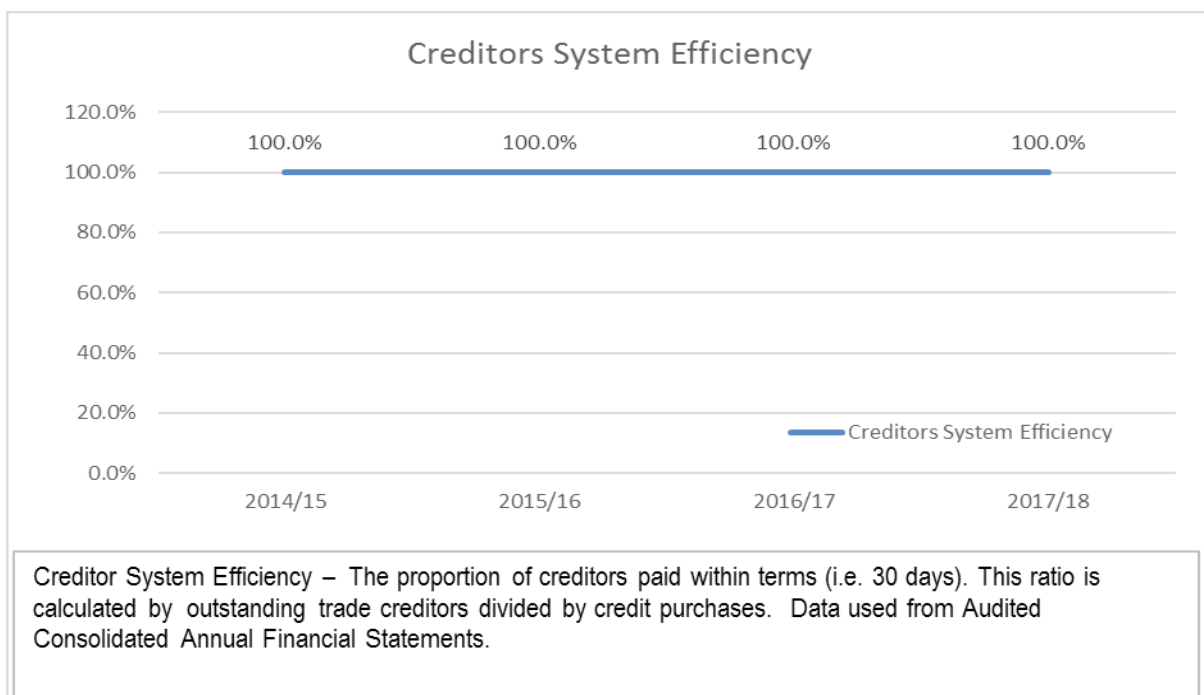


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better. Data used from Audited Consolidated Annual Financial Statements.

T 5.4.3

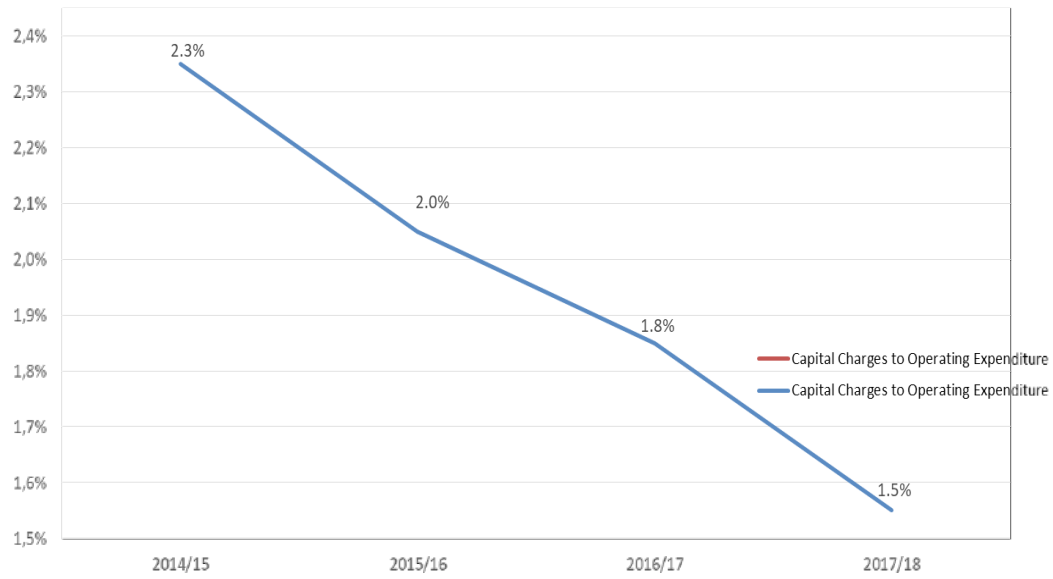


T 5.4.4



T 5.4.5

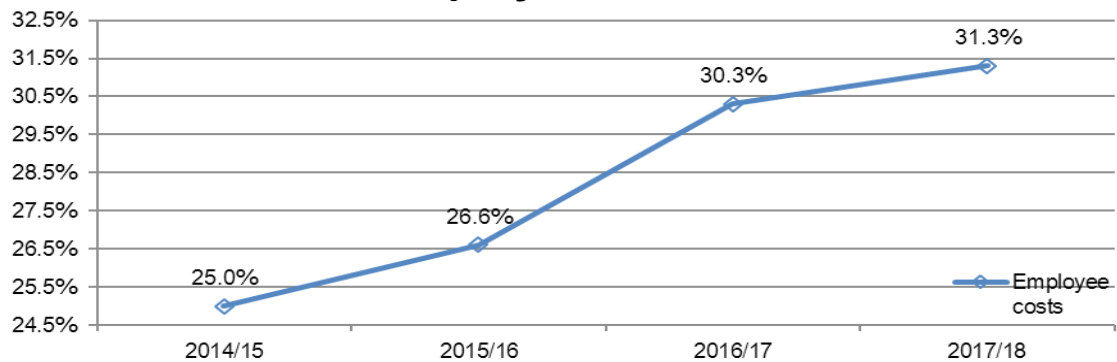
Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principal paid by the total operating expenditure. Data used from Audited Consolidated Annual Financial Statements.

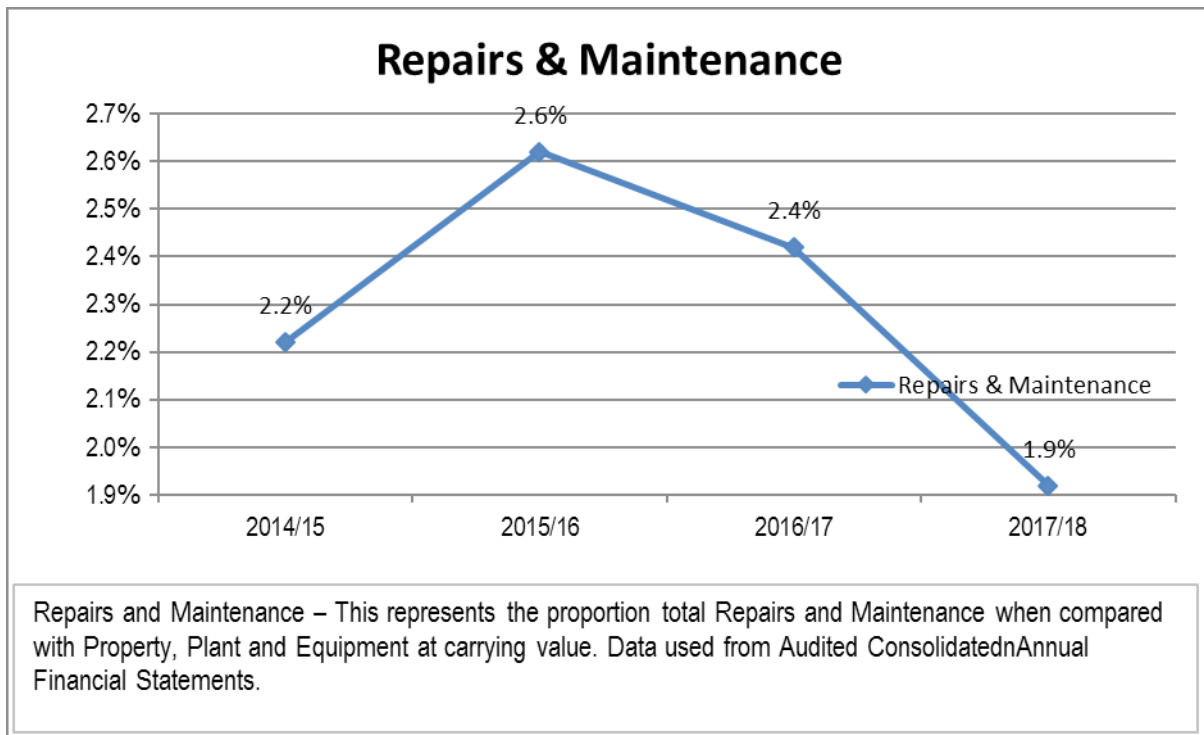
T 5.4.6

Employee Costs



Employee cost – Measures what portion of the expenditure was spent on paying employee costs. It is calculated by dividing the total employee cost by the total operating expenditure. Data used from Audited Consolidated Annual Financial Statements.

T 5.4.7



T 5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio: The rate of 2.0: 1 is regarded as meeting the upper National Treasury norm that ranges between 1.5 – 2: 1. The ratio measures the municipality's ability to meet its Current Liabilities and is calculated by dividing the monetary assets (due within one year) by the municipality's Current Liabilities. A higher ratio indicates a situation of strengthened liquidity position. Data used to calculate the liquidity ratio was extracted from the Audited Consolidated Annual Financial Statements at 30 June 2018. The Current Assets have increased at a slower rate than the Current Liabilities when compared with 2016/17. The Metro's Liquidity Ratio is moving closer to National Treasuries lower acceptable norm (1.5: 1) which signals a weakening of the liquidity position. This is in part due to the increase of Current Liabilities at a faster rate than Current Assets. The Metro 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 utilization of grants. Cost Coverage is calculated as follows, available cash and investments divided monthly fixed operational expenditure. This rate has improved over the past year and currently is at 3.9 months. The National Treasury norm is between 1 – 3 months. BCM's Cost Coverage is above the norm; however, this needs to be monitored on an ongoing basis taking into account the drop of the Liquidity ratio.

Total Outstanding Service Debtors: The rate of outstanding service debtors has decreased when compared with last year and is currently at 19.0%. The percentage is calculated by dividing Total outstanding service debtors by the annual revenue received for services. Outstanding debtors continue to be a focus for the Metro which is continuously implementing methods to decrease this rate to within a manageable level. The Metro continues to explore efforts to decrease outstanding services debtors and therefore improve its Collection Ratio above the budget of 92.5%.

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 Metro. This rate continues to improve increasing from 43.0 (2016/17) to 49.8 (2017/18) at 30 June 2018. This indicates that the Metro's long-term debt is decreasing and is due the Metro not taking up additional loan funding during 2017/18 financial year. The Metro is currently in the process of taking up additional loan funding which in the future will drive this ratio down as loan funding is used to fund Capital Projects.

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

Capital Charges to Operating Expenditure: The ratio is calculated by dividing the sum of interest and principal paid on loan funding by the total operating expenditure. The rate has decreased due to no new borrowings being incurred by the Metro. The rate currently is 1.5%. BCM is currently in the process of taking up new loan facility which will have a direct impact on this ratio.

Employee Costs as a percentage of Operating Expenditure: The rate of 31.3% is within the norm of 25% - 40%. It is calculated by dividing the total employee cost by the total operating expenditure.

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 at carrying value and is calculated by dividing total repairs and maintenance by the carrying value of property, plant and equipment. The rate remains below the norm of 8% for the Metro. The rate has deteriorated to 1.9% currently when compared with 2.4% (2016/17). 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 R1.77 billion of which R1.43 billion which equates to 81% was spent. Own funded projects had a budget of R0.794 billion and R0.496 billion (62%) of the budget was spent. Grant funded projects had a budget of R0.977 billion and R0.931 billion which equates to 95% was spent.

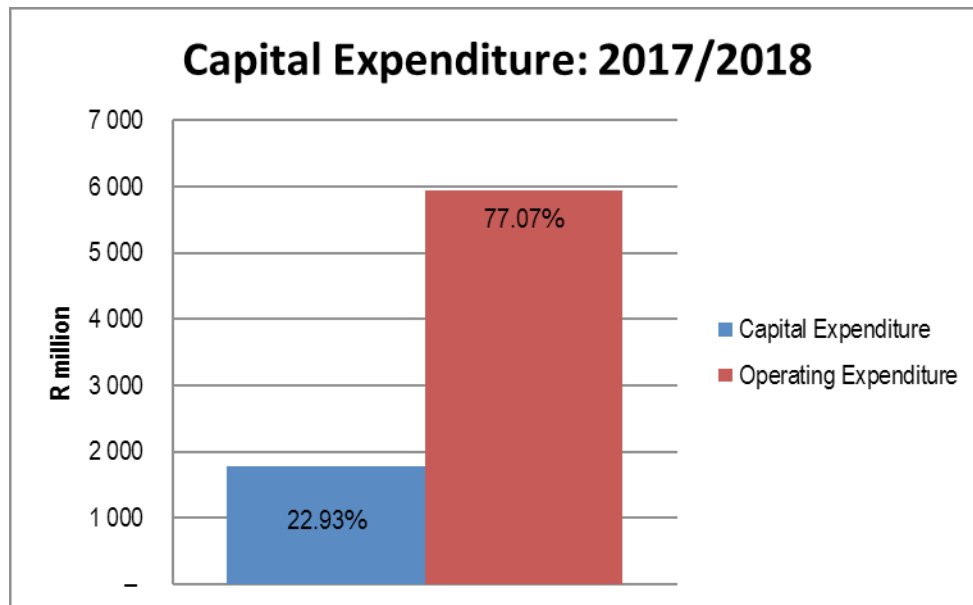
Renewal of existing assets represent 36% (R0.628 billion) of the total capital budget while new asset renewal equates to 64% (R1.14 billion) in the 2017/2018 financial year. Seventy-seven percent (77%) of the allocated budget for the renewal of existing assets has been spent and 82% has been spent on the allocated budget for new assets renewal.

The 5 largest capital projects of the City in the 2017/2018 financial year were the following: -

- Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme – Phase 2 Zwelitsha WWTW: the project was allocated 8% of the City's capital budget.
- BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles: the project was allocated 5% of the City's capital budget.
- Fleet Street: the project was allocated 3% of the City's capital budget.
- Roads Provision – Replacing Existing Infrastructure: the project was allocated 5% of the City's capital budget.
- Bulk Electricity Infrastructure Upgrade: the project was allocated 3% of the City's capital budget.

T 5.5.0

5.5 CAPITAL EXPENDITURE

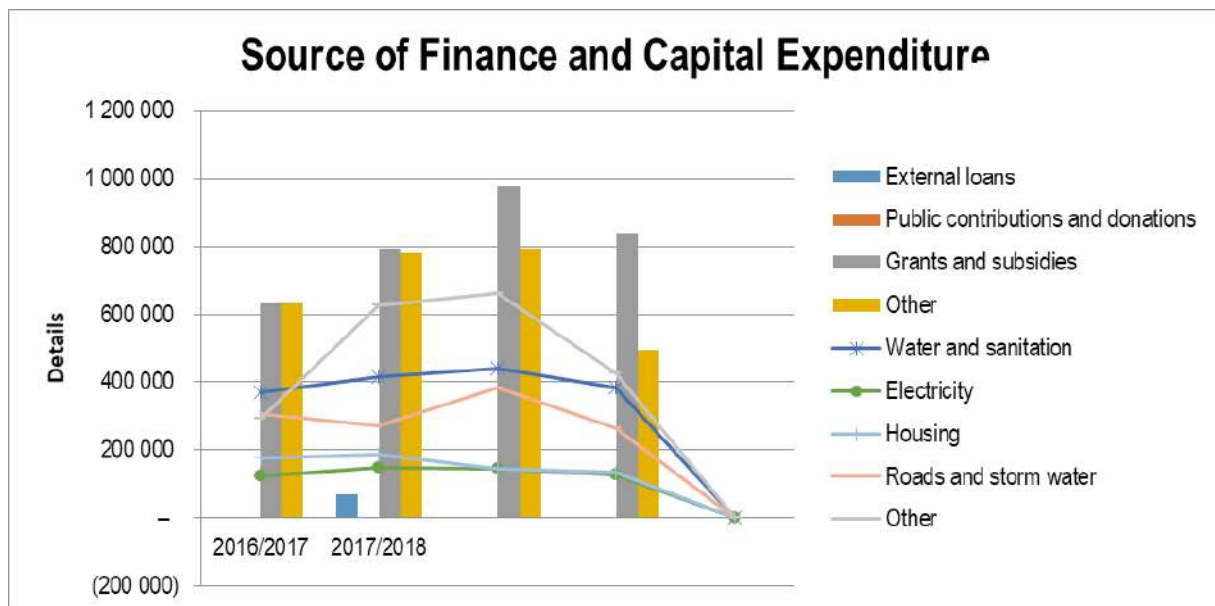


T 5.5.1



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2016/2017 to 2017/2018						
R' 000						
Details	2016/2017	2017/2018				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans	–	69 000	–	–	-100.00%	-100.00%
Public contributions and donations	–	–	9 265	229	0.00%	0.00%
Grants and subsidies	631 207	795 307	967 796	930 359	21.69%	16.98%
Other	630 702	781 859	794 514	495 926	1.62%	-36.57%
Total	1 261 908	1 646 166	1 771 575	1 426 514	-76.69%	-119.59%
Percentage of finance						
External loans	0.0%	4.2%	0.0%	0.0%	130.4%	83.6%
Public contributions and donations	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%
Grants and subsidies	50.0%	48.3%	54.6%	65.2%	-28.3%	-14.2%
Other	50.0%	47.5%	44.8%	34.8%	-2.1%	30.6%
Capital expenditure						
Water and sanitation	369 177	413 698	438 144	418 213	5.91%	1.09%
Electricity	121 231	148 000	142 851	128 318	-3.48%	-13.30%
Housing	176 555	185 855	142 770	142 661	-23.18%	-23.24%
Roads and storm water	304 457	270 956	348 208	277 611	28.51%	2.46%
Other	290 490	627 657	699 602	459 710	11.46%	-26.76%
Total	1 261 908	1 646 166	1 771 575	1 426 514	19.22%	-59.75%
Percentage of expenditure						
Water and sanitation	29.3%	25.1%	24.7%	29.3%	30.7%	-1.8%
Electricity	9.6%	9.0%	8.1%	9.0%	-18.1%	22.3%
Housing	14.0%	11.3%	8.1%	10.0%	-120.6%	38.9%
Roads and storm water	24.1%	16.5%	19.7%	19.5%	148.3%	-4.1%
Other	23.0%	38.1%	39.5%	32.2%	59.6%	44.8%
T 5.6.1						



COMMENT ON SOURCES OF FUNDING

The City had a total budget of R7.7 billion of which R1.8 billion (23%) was allocated towards the City's capital budget. The City spent R1.4 billion of its capital budget which equates to 81%.

Own funded projects had a budget of R0.794 billion and R0.496 billion (62%) of the budget was spent. Grant funded projects had a budget of R0.977 billion and R0.931 billion which equates to 95% was spent.

Grants and subsidies continue to comprise the most significant portion of the funding utilized for capital expenditure. The largest is the Urban Settlement Development Grant, which is focused on developing new urban areas for habitation. This grant is utilized to ensure service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

Government grants reduction would have a huge negative impact on the service delivery for capital projects. The municipality should envisage other revenue streams that will enable more own revenue in order to fund future capital projects. This will result in lessening grant dependency by the Municipality. The municipality is also 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.

Explanation on variations that are more than 10% is detailed below:

B) PUBLIC TRANSPORT INFRASTRUCTURE GRANT

The low expenditure was due to the termination of the contract after the service provider could not meet compliance matters, a replacement contractor was only appointed end June 2018.

2. Own 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. These inefficiencies are being addressed by management.

T 5.6.1.1

COMPONENT B

5.7 CAPITAL SPENDING ON LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2017/2018			Variance: Current 2017/2018	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW	77 818	141 603	126 471	-63%	-82%
B - BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles (R3Mill for Building Maintenance Vehicles)	23 000	91 208	90 704	-294%	-297%
C - Roads Provision - Replacing Existing Infrastructure	80 000	80 000	9 413	88%	0%
D - Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	60 000	60 000	56 657	6%	0%
E - Fleet Street	50 000	56 646	49 558	1%	-13%
* Projects with the highest capital expenditure in Year 2017/2018					
Name of Project - A		Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW			
Objective of Project		Provision of bulk sanitation existing and future developments			
Delays		No delays, multi year programme			
Future Challenges		Additional funding is required			
Anticipated citizen benefits		Entire municipality will benefit			
Name of Project - B		BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles (R3Mill for Building Maintenance Vehicles)			
Objective of Project		To procure plant for BCMM			
Delays		None			
Future Challenges		Additional funding is required			
Anticipated citizen benefits		Entire municipality will benefit			
Name of Project - C		Roads Provision - Replacing Existing Infrastructure			
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 stations and substations.			
Delays		Procurement processes.			
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		Fleet Street			
Objective of Project		Reconstruction of Fleet Street			
Delays		None			
Future Challenges		Traffic accommodation during construction.			
Anticipated citizen benefits		All the residents of BCMM as the new road will improve traffic flow.			
T 5.7.1					

COMMENT ON CAPITAL PROJECTS:

Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme – Phase 2 Zwelitsha WWTW budget was increased from R78 million to R142 million resulting in an increase amounting to R64 million. The budget was increased in the adjustment budget process as the programme was progressing at a pace that is above the original anticipation and therefore it required additional funding.

BCMM Fleet, Plant and Specialized Equipment and Specialized Solid Waste Vehicles (R3Mill for Building Maintenance Vehicles) – budget was increased from R23 million to R91 million resulting in an increase amounting to R68 million. The budget was increased in the adjustment budget process to fund the purchase Solid Waste Compactor trucks.

Fleet Street budget allocation increased from R50 million to R57 million. The budget was increased in the adjustment budget process as the programme was progressing at a pace that is above the original anticipation and therefore it required additional funding.

Roads Provision – Replacing Existing Infrastructure budget remained the same at R80 million. The allocated budget is for rehabilitation of existing urban roads in BCMM.

Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue) remained the same at R60 million. Budget is made available for the future in order to operate the projects. Planning and time management is key in order to implement the capital projects on time and in line with the budget provided.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Water and Sanitation Services

The growth in population impacts on BCMM's ability to address service delivery backlogs. The other factors that hinders the eradication of backlogs is the increased demand for services in the informal settlements which are rapidly increasing. The migration of people to rural areas closest to town led to the development of huge households that demands high level of service.

Electricity Services

In the BCMM area of supply, this backlog is due to ongoing housing projects and infill houses built after housing project completion, as each house built becomes a backlog; this is usually rectified within a year due to the ongoing INEP program funded by the Department of Energy. Currently the cost per connection is estimated at R 15 000.00.

In terms of Electrification disaggregation of families does not have a major impact as these families would be linked to a housing program which intern would be electrified in line with National Governments electrification program

It is a fact that electrification impacts on Bulk Infrastructure in terms of upgrading and renewing. In line with the electrification program a percentage of funding of Bulk requirements may be applied for to the Department of Energy.

Spatial and Development Planning liaise with Electricity and Energy continuously referring to new developments throughout the City. As the need arises the department becomes proactive to ensure Capacity is available in the new areas prior to development.

Housing

The housing backlog is being decreased yearly through delivery of housing, acquisition of suitable land, provision of bulk infrastructure, however, there are still challenges ranges from the issues of long land acquisition processes, township establishment's processes, limited bulk infrastructure capacity in some areas where there is land for human settlement. Through intervention of urban settlement grant, a steady progress is being made over the last five years.

T 5.8.1

Service Backlogs as at 30 June 2018				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	249000	98%	5000	2%
Sanitation	229000	90%	24000	10%
Electricity	130000	1.6%	39000	89%
Waste management	126500	17%	89762	52.3%
Housing	177 941	70%	63 115	24.9%

T 5.8.2

Urban Settlement Grant (USDG)* Expenditure 2017/2018 on Service backlogs						R' 000
Details	Budget	Adjustments	Actual	Variance		Major conditions applied by donor (continue below if necessary)
		Budget		Budget	Adjustments Budget	
Infrastructure - Road transport	178	258	255	-43%	1%	<p>A minimum of 50 per cent of the USDG allocation must be spent on the provision of individual basic services to households living in informal settlements either through in-situ upgrades, relocation or integrated development projects.</p> <p>Metros must submit an annual BEPP, USDG performance matrix and SDBIP aligned to the IDP, to the National Department of Human Settlements and National Treasury.</p>
Roads, Pavements & Bridges	170	250	249	-46%	0%	
Storm water	8	8	6	25%	25%	
Infrastructure - Electricity	13	8	8	38%	0%	
Street Lighting	13	8	8	38%	0%	
Infrastructure - Water	90	113	113	-26%	0%	
Dams & Reservoirs	46	59	59	-29%	0%	
Water purification	44	54	54	-22%	0%	
Infrastructure - Sanitation	141	217	217	-54%	0%	
Reticulation	-	7	7	0%	0%	
Sewerage purification	141	211	211	-50%	0%	
Total	421 817	596 362	593 360	-41%	1%	
<p>* USDG is intended to provide the municipalities with funds to supplement Capital Investment Programmes in terms of the provisions of the Division of Revenue Act (DoRA) for infrastructure development and is directly linked to planning and implementation of human settlements programmes in urban areas. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						T 5.8.3

COMMENT ON BACKLOGS

The electricity department applies on a yearly basis for funding to electrify formal RDP housing that meet the DoE's electrification guidelines. The funding provided allows the Department to electrify an estimated 1500 RDP houses.

The Solid Waste Management Services Department is not yet servicing the Rural Areas of the City as the department is amongst others busy with the study to determine a most cost effective and efficient waste service model that will be provided in the rural area of the city.

T 5.8.4

COMPONENT C:

5.9 CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Managing the cash resources of BCMM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by BCMM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (bulk purchases and loan repayments, etc.) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment. The effects of the global economic crisis are a cause of concern to the Metro as they impact on revenue-generating ability and the ability to maintain a favourable cash flow position. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention in order to ensure a favourable cash flow position is maintained so that this position can be improved. The collection of outstanding debtors is critical to the financial sustainability of the Metro.

BCMM makes payment to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximise the interest-earning potential whilst also ensuring safety of the principal of any surplus funds. Investment diversification is in practice at BCMM, in an attempt to minimise risk and maximise interest earning potential.

T 5.9

CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/17	Current: Year 2017/18		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	1 210 143	1 133 389	1 037 087	1 086 071
Service charges	2 593 542	2 786 003	2 716 398	2 678 192
Other revenue	188 914	371 418	317 713	208 362
Government – operating	865 550	1 368 106	1 379 116	888 572
Government – capital	699 027	795 307	977 061	930 588
Interest	198 437	194 084	174 084	176 012
Payments				
Suppliers and employees	(5 114 729)	(4 741 751)	(4 636 414)	(4 424 494)
Finance charges	(49 359)	(54 320)	(43 961)	(43 960)
Transfers and Grants	–	(64 056)	(52 804)	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	591 524	1 788 180	1 868 281	1 499 345
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	56 169	–	–	14 288
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(1 280 782)	(1 583 446)	(1 762 362)	(1 330 596)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 224 613)	(1 583 446)	(1 762 362)	(1 316 308)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	69 000	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(50 709)	(49 274)	(47 642)	(47 642)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(50 709)	19 726	(47 642)	(47 642)
NET INCREASE/ (DECREASE) IN CASH HELD	(683 798)	224 459	58 278	135 395
Cash/cash equivalents at the year begin:	2 373 900	2 291 798	1 690 102	1 690 102
Cash/cash equivalents at the year-end:	1 690 102	2 516 257	1 748 379	1 825 497
Source: MBRR A7				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES

The net cash flows used in operating activities have increased significantly from to R0.591 billion when compared with R 1.5 billion at 30 June 2018.

Cash flow from financing activities have increased from R 1.22 billion to R 1.32 billion at 30 June 2018. The cash flow summary clearly indicates the increase in Cash and Cash Equivalent at the year-end from R1.69 billion to R1.82 billion at 30 June 2018. The net impact is an increase in cash and cash equivalents at year end.

T 5.9.1.1

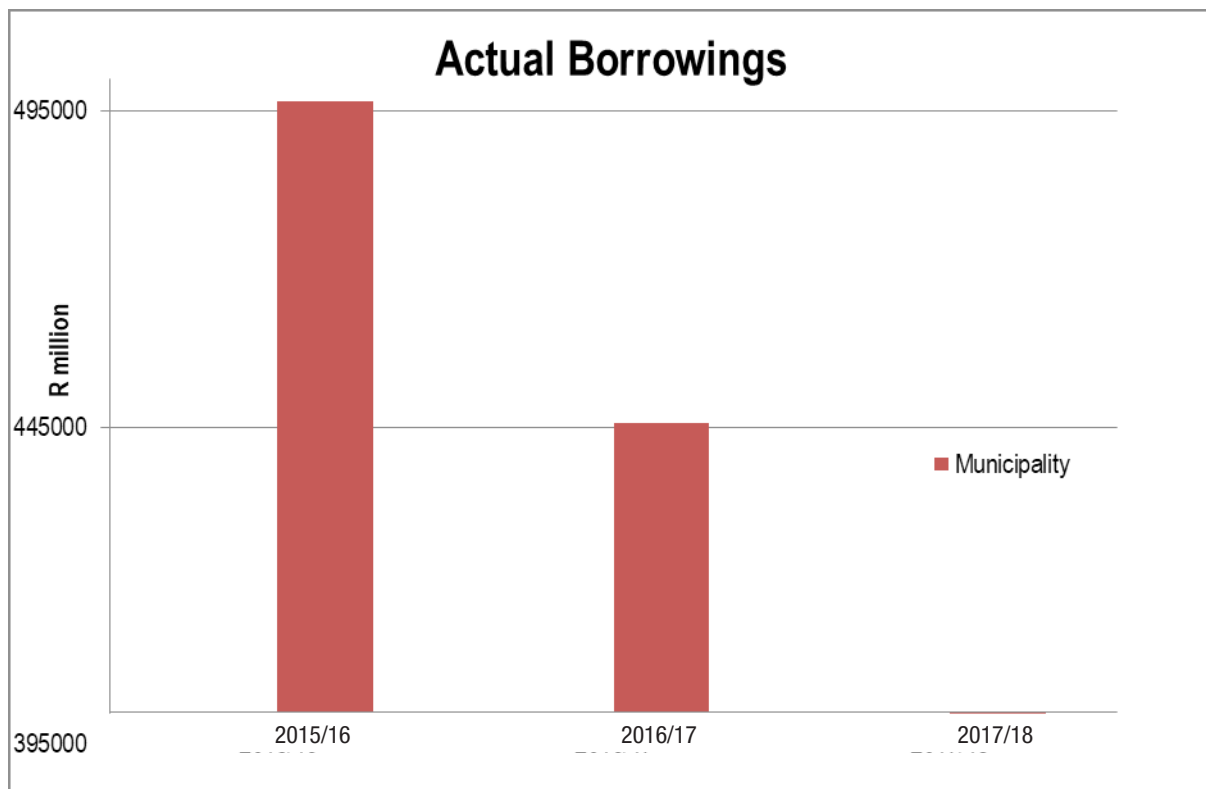
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The Metro's current loans balance total R0.398 billion as outstanding when compared with R0.446 billion for 2016/2017. No additional borrowings were taken up during the current year. The Metro is currently servicing its debt quarterly with two financial institutions, namely Rand Merchant Bank and The Development Bank of Southern Africa. The Metro is currently in the process of taking up additional loan funding. The City's investments held with financial institutions have increased to R 1.8 billion, from R1.7 billion in 2016/2017.

T 5.10.1

Actual Borrowings: 2015/2016 - 2017/2018			
	R' 000		
Instrument	2015/16	2016/17	2017/18
Municipality			
Long-Term Loans (annuity/reducing balance)	496 477	445 768	398 126
Municipality Total	496 477	445 768	398 126
T 5.10.2			



T 5.10.3

Municipal and Entity Investments			
	R' 000		
Investment* type	2015/16 Actual	2016/17 Actual	2017/18 Actual
Municipality			
Deposits – Bank	2 151	1 687	1 825
Consolidated total:	2 151	1 687	1 825
T 5.10.4			

COMMENT ON BORROWING AND INVESTMENTS:

The City's investments held with financial institutions have increased to R 1.8 billion, from R 1.7 billion in 2016/2017. The Metro has not taken up new loan funding during 2017/18.

T 5.10.5

COMPONENT D:

5.11 OTHER FINANCIAL MATTERS

No Public Private Partnerships (PPP) concluded during the year under review.

5.12 SUPPLY CHAIN MANAGEMENT

Buffalo City Metropolitan Municipality (BCMM) endeavours to make procurement information accessible to suppliers, with the purpose of enhancing planning, accountability and oversight. The City's SCM system is premised on section 217 of the South African Constitution which must be, fair equitable, transparent, competitive and cost effective.

The BCMM's supply chain management policy is reviewed annually as prescribed by section 3 of the MFMA and during the year under review the SCM policy was reviewed and approved by Council in May 2018.

Buffalo City Municipality's SCM function comprises of the following critical components:

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

The Bid Committees have been restructured to ensure the effective and efficient operations. All members of new bid committees have been taken through formal training to improve efficiency in undertaking the committee work.

As a tool to monitor the performance of each bid committee, all committees are submitting weekly reports to the City Manager and this is assisting in early identification of challenges that are experienced by each committee so that remedial actions can be implemented quicker.

Non-compliant of supply chain management processes by making use of deviations were findings made and these findings resulted in the expenditure being declared as irregular expenditure in the 2017/18 Annual AG report. The figures on irregular expenditure will be submitted to the MPAC for further consideration. Regular reporting of irregular and unauthorized expenditure is being done quarterly by management and the reports for the 1st 3 quarters of the year have been referred to Council, with the last report going to Council in October/November 2018. Regular completion and auditing of contracts register is done throughout the year, while still awaiting the implementation of the electronic tender management and contract management system, to be linked to Solar Venus Payment system to ensure accuracy and completeness.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and to consider the implications.

BCMM is aware of the new accounting standards that have been published for ar dentation during the 2017/2018 financial year. These standards have been complied with in the preparation of the 2017/2018 Annual Financial Statements in all material respects. This compliance is required to improve transparency surrounding the financial information which has been prepared. The guidance provided in the new accounting statements, has been utilized in the preparation of the 2017/2018 Annual Financial Statements.

T 5.13.1

BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

CHAPTER S I X

AUDITOR GENERAL AUDIT FINDINGS

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CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Annual Financial Statements were prepared and presented to the Auditor General by 31 August 2018 in compliance with the legislative requirements detailed in section 126(1)(a) of the Municipal Finance Management Act, No 56 of 2003. The audit was completed by the Auditor General with the audit opinion being signed on 10 December 2018.

T 6.0.1

COMPONENT A:

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2016/2017

6.1 AUDITOR GENERAL REPORTS 2016/2017 (Previous year)

Audit Action Plan on Financial Performance for 2016/2017

Audit Finding	Short term intervention	Medium term intervention	Long-term intervention
GRAP104 para 126(a) requires that for each type of risk arising from financial instruments, an entity shall disclose: summary quantitative data about its exposure to that risk at the end of the reporting period	The disclosure note for Risk Management has been adjusted accordingly in the year ended 30 June 2017 Annual Financial Statements. The standard operating procedure and schedule of year end activities has been updated to include the activity of reconciling the long-term loan note on the annual financial statements to the non-current portion of the loan at the end of the financial year.	Notes to the financial statements will be reviewed by management to ensure that the disclosure for Risk Management of non-current loans agree to the Statement of Financial Position at each year-end.	Notes to the financial statements will be reviewed by management to ensure that the disclosure for Risk Management of non-current loans agree to the Statement of Financial Position at each year-end.
<p>Section 62 (b) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122 (1) (a) and (b) of the MFMA relating to the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year and disclose the information required in terms of sections 123, 124 and 125.</p> <p>Section 122 (2) of the MFMA relating to the preparation of financial statements requires that a municipality which has sole control of a municipal entity, or which has effective control within the meaning of the Municipal Systems Act of a municipal entity which is a private company, must in addition to complying with subsection (1), prepare consolidated annual financial statements incorporating the annual financial statements of the municipality and of such entity. Such consolidated annual financial statements must comply with any requirements as may be prescribed.</p> <p>GRAP 1.104 requires that an entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.</p>	Accountants will also continue to review and monitor the transactions incurred on votes to identify any misallocations. These will be communicated to Directorates to undertake corrective action.	Accountants will also continue to review and monitor the transactions incurred on votes to identify any misallocations. These will be communicated to Directorates to undertake corrective action.	

T 6.1.1

Audit Action Plan on Service Delivery for 2016/2017

Audit Finding	Short term intervention	Medium term intervention	Long-term intervention
<p>Section 122 (1)(a) of the MFMA on the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>The accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).</p> <p>A performance management system is required to be established in terms of section 38(a) of the MSA and municipal planning and performance management regulation 8.</p> <p>Chapter 4 of the Framework for Managing Programme Performance Information (FMPP) states that performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.</p>	<p>The Roads branch will ensure that the supporting documentation is properly referenced and attached in a sequence that makes it easy to track supporting documentation in relation to the reported achievements. These will be signed off by the Delegated Managers.</p>	<p>The document will indexed with page numbers in order to allow assessors to be able to easily refer to different parts of the document such as the quarterly report, the district reports and the supporting documentation.</p>	<p>Move towards an electronic system whereby documents can be scanned and submitted electronically in folders and referenced correctly. This will enable easy distribution of the information and allow assessor to check the information more easily.</p>
<p>Section 122 (1)(a) of the MFMA on the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>The accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).</p> <p>A performance management system is required to be established in terms of section 38(a) of the MSA and municipal planning and performance management regulation 8.</p> <p>Chapter 4 of the Framework for Managing Programme Performance Information (FMPP) states that performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.</p>	<p>Electricity Department will put in place a process to ensure POE is checked (Project Manager to submit information to Section Manager, Manager to check information and then submit to GM'S office for final check before submission)</p>		

Audit Finding	Short term intervention	Medium term intervention	Long-term intervention
<p>Section 122 (1)(a) of the MFMA on the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>The accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).</p> <p>A performance management system is required to be established in terms of section 38(a) of the MSA and municipal planning and performance management regulation 8.</p> <p>Chapter 4 of the Framework for Managing Programme Performance Information (FMPPi) states that performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.</p>	0	Electricity Department will put in place a process to ensure POE is checked (Project Manager to submit information to Section Manager, Manager to review information and then submit to GM who will authorize before submission)	
<p>Section 122 (1)(a) of the MFMA on the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>The accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).</p> <p>A performance management system is required to be established in terms of section 38(a) of the MSA and municipal planning and performance management regulation 8.</p> <p>Chapter 4 of the Framework for Managing Programme Performance Information (FMPPi) states that performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.</p>	Cross checking of information will be implemented to ensure information is submitted fully	N/A	N/A

Audit Finding	Short term intervention	Medium term intervention	Long-term intervention
<p>Section 122 (1) (a) and (b) of the MFMA relating to the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year and disclose the information required in terms of sections 123, 124 and 125.</p>	<p>Reconciliation will be submitted to Finance on monthly basis. A Standard Operating Procedure will be developed to improve controls and provide for checks and balances on both Infrastructure and Finance side.</p>	<p>0</p>	<p>Appointment of Senior Financial Officer within the Project Implementation Unit (PIU)</p>
<p>In terms of section 62(1)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>The accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).</p> <p>A performance management system is required to be established in terms of section 38(a) of the MSA and municipal planning and performance management regulation 8.</p> <p>Chapter 4 of the Framework for Managing Programme Performance Information (FMPP) states that performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.</p>	<p>The Roads branch will ensure that the supporting documentation is properly referenced and attached in a sequence that makes it easy to track supporting documentation in relation to the reported achievements</p>	<p>The document will indexed with page numbers in order to allow assessors to be able to easily refer to different parts of the document such as the quarterly report, the district reports and the supporting documentation.</p>	<p>Move towards an electronic system whereby documents can be scanned and submitted electronically in folders and referenced correctly. This will enable easy distribution of the information and allow assessor to check the information more easily.</p>
<p>Section 122 (1)(a) of the MFMA on the preparation of financial statements requires that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>In terms of section 62(1)(c)(i) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>The accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).</p> <p>A performance management system is required to be established in terms of section 38(a) of the MSA and municipal planning and performance management regulation 8.</p> <p>Chapter 4 of the Framework for Managing Programme Performance Information (FMPP) states that performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.</p>	<p>Electricity Department will put in place a process to ensure POE is checked (Project Manager to submit information to Section Manager, Manager to check information and then submit to GM'S office for final check before submission)</p>		



Audit Finding	Short term intervention	Medium term intervention	Long-term intervention
<p>Section 62(1)(i) of the MFMA states that the accounting officer of the municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>According to section 125(2)(d)(i) of the MFMA the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any material losses and any material irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable;.</p> <p>MFMA circular no. 71 states that the purpose of the electricity distribution losses ratio is to measure the percentage loss of potential revenue from Electricity Services through electricity units purchased and generated but not sold as a result of losses incurred through theft (illegal connections), non or inaccurate metering or wastage. It is expected that implementation of the free basic service policy is included in the calculation for sale of electricity.</p> <p>Formula:</p> <p>(Number of Electricity Units Purchased and / or Generated – Number of Electricity Units Sold) / Number of Electricity Units Purchased and / or Generated) × 100</p> <p>Norm:</p> <p>The Norm is between 7% and 10% and will be superseded by the sector determination. Interpretation of Results</p> <p>A ratio below the norm depicts that electricity losses are well managed. If the Ratio exceeds the norm it could indicate various challenges, for example, deteriorating electricity infrastructure or poor management of the networks, affecting the Municipality or Municipal Entity, which would require further analysis to determine the reasons for such losses. In addition, the root causes should be addressed.</p> <p>MFMA circular no. 71 states that the water losses ratio is to determine the percentage loss of potential revenue from water service through kilolitres of water purchased but not sold as a result of losses incurred through theft (illegal connections), non- or incorrect metering or wastage as a result of deteriorating water infrastructure. It is expected that implementation of the free basic service policy is included in the calculation for sale of water.</p> <p>Formula:</p> <p>(Number of Kilolitres Water Purchased or Purified – Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100</p> <p>Norm:</p> <p>The Norm is between 15% and 30%</p> <p>Interpretation of Results:</p> <p>A ratio within the norm depicts that water losses and water infrastructure are well managed. If the Ratio exceeds the norm it could indicate various challenges, for example, ageing water infrastructure or poor management, affecting the Municipality or Municipal Entity, which would require further analysis and explanation to determine the reasons for such losses. In addition, the root causes should be addressed.</p>	<p>Implement water conservation and demand management projects (i.e Pipe replacement programme, meter replacement, installation of bulk meters, community awareness campaigns etc.) and reduce the physical water losses by 1300 Megaliters by June 2018.</p>	<p>Reduce distribution water losses to less than 30% by the 2019/2020 financial year. Investigate the feasibility of implementing smart water metering. Appoint a professional service provider to review and monitor the implementation of the water conservation and management strategy.</p>	<p>Implement the smart metering programme and contain the distribution water losses to less than 30%</p> <p style="text-align: right;"><i>T 6.1.2</i></p>

COMPONENT B:

AUDITOR-GENERAL OPINION 2017/2018 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2017/2018

Auditor-General Report on Financial Performance 2017/2018*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
The consolidated and separate financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, current liabilities and expenditure identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, resulting in the consolidated and separate financial statements receiving a qualified audit opinion.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The performance management system and related controls were inadequate as the processes of planning, measurement and reporting were not conducted and managed as intended, as required by municipal planning and performance management regulation 7(1).	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
An effective system of internal control for receivables and revenue was not in place as required by section 64(2)(f) of the MFMA, as significant internal control deficiencies were identified in the billing system of the Municipality.	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.
Contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act 5 of 2000.	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.
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, as required by SCM Regulation 46(2)l.	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.
Awards were made to providers who were in the service of other state institutions in contravention of MFMA 112(j) and SCM Regulation 44.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
An effective system of internal control for assets was not in place as required by section 63(2)l of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Reasonable steps were not taken to prevent unauthorised expenditure of R160,4 million, as disclosed in note 59 to the consolidated and separate annual financial statements in contravention of section 62(1)(d) of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

Auditor-General Report on Financial Performance 2017/2018*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
Effective steps were not taken to prevent irregular expenditure of R213,3 million, as disclosed in note 61 to the consolidated and separate Annual Financial Statements as required by section 62(1)(d) of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Monies owed by the municipality were not always paid within 30 days, as required by section 65(2)l of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure as required by section 32(2)(b) of the MFMA.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.

T 6.2.1

Auditor-General Report on Service Delivery Performance: 2017/2018*	
Status of audit report**:	No audit opinion expressed
Non-Compliance Issues	Remedial Action Taken
The reported achievements for certain indicators were misstated as the evidence provided did not agree to the achievements reported	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The Auditor General was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the target Number of waste cells constructed as reported in the annual performance report.	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 comparison per indicator between the performance of the year under review and previous year was not included for any of the indicators in the annual performance report.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The achievement for the targeted number of formal dwellings (RDP) provided with a basic electricity reported in the annual performance report did not agree to the reported achievement.	An Audit Improvement Plan has been prepared detailing the audit findings together with the required corrective action to be taken. A committee has been created that has been tasked with undertaking oversight of the actions to rectify non-compliance related issues. The AIP will be submitted to Internal Audit on a quarterly basis for review.
The Auditor General was unable to obtain sufficient appropriate audit evidence for the reported achievement of certain indicators as reported achievements were not supported by sufficient audit evidence.	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.

* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance 2017/2018

** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.

T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2017/2018

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2017/2018:

The Auditor General has issued a qualified audit opinion on the Annual Financial Statements for the year ended 30 June 2018, except for matters raised in the qualification paragraph, the Annual Financial Statements present fairly, in all material respects, the consolidated and separate financial position of the Buffalo City Metropolitan Municipality. The institution will continue focusing on correcting the compliance findings identified by the Auditor General in an ongoing attempt to address all issues of concern. It is however disappointing to note the audit opinion has redressed from the previous financial year.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Acting Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Acting Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ol style="list-style-type: none"> <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

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APPENDICES

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APPENDICES

APPENDIX A

COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mtsi, S.A. (Speaker)	FT	Council (Chairperson)	PR ANC	100%	0%
Pakati, X.A. (Executive Mayor)	FT	Metropolitan Mayoral Committee (Chairperson)	PR ANC	100%	0%
Matana, Z.P. (Deputy Executive Mayor)	FT	Metropolitan Mayoral Committee IDP and Organisational Performance Management (Chairperson)	PR ANC	71,43%	28,57%
Marata, M.N. (Chief Whip of Council)	FT	IDP and Organisational Performance Management	PR ANC	92,86%	7,14%
Angelbeck, R.E.	PT	Finance	PR DA	100%	0%
Apleni, T.T.	PT	IDP and Organisational Performance Management	PR EFF	21,43%	78,57%
Bakawuli, Z.	PT	Infrastructure Services	PR DA	92,86%	7,14%
Batala, N.	PT	Institutional Operations and Civic Relations	PR EFF	64,29%	35,71%
Bentley, S.E.	PT	Health and Public Safety and Emergency Services	PR DA	100%	0%
Bopi, M.	PT	IDP and Organisational Performance Management	Ward 15 ANC	92,86%	7,14%
Bota, M.	PT	Finance	Ward 49 ANC	100%	0%
Botha, A.M.C.	PT	Municipal Services	Ward 4 DA	85,71%	14,29%
Ciliza, K.	PT	Infrastructure Services	Ward 1 ANC	85,71%	14,29%
Dhaya, D.M.	PT	Economic Development and Agencies	PR DA	78,57%	21,43%
Diko, V.A.	PT	Health and Public Safety and Emergency Services	PR AIC	50%	50%
Dlova, S.P.	PT	Municipal Services	PR AIC	78,57%	21,43%
Dyonase, B.	PT	Municipal Services	Ward 39 ANC	92,86%	7,14%
Faku, K.T.	PT	Spatial Planning and Development	Ward 40 ANC	71,43%	28,57%
Fini, M. [Started w.e.f. 27/6/18 Council meeting]	PT	Health and Public Safety and Emergency Services	Ward 21 ANC	100%	0%
Fritz, T.F.	PT	Infrastructure Services	PR DA	92,86%	7,14%
Gamnca, N.	PT	Municipal Services	Ward 20 ANC	57,14%	42,86%
Gcilishe, M.	PT	Finance	Ward 11 ANC	100%	0%
Gcobo, A.	PT	Economic Development and Agencies	PR PAC	57,14%	42,86%
Gomba, S.G.	PT	Spatial Planning and Development	PR ANC	57,14%	42,86%
Gosani, G.L.	PT	IDP and Organisational Performance Management and Health and Public Safety and Emergency Services	Ward 12 ANC	85,71%	14,29%
Gould, W.D.	PT	Finance	PR DA	100%	0%
Gqodi, V.	PT	Institutional Operations and Civic Relations and Economic Development and Agencies	PR ANC	100%	0%
Holmes, V.A.	PT	Corporate Services	PR DA	78,57%	21,43%
Hoyo, S.K.	PT	Human Settlement	PR EFF	71,43%	28,57%
Jayiya, A.	PT	Institutional Operations and Civic Relations	PR DA	85,71%	14,29%
July, T.	PT	Corporate Services and Human Settlement	PR UDM	50%	50%
Kaba, P.	PT	Economic Development and Agencies	PR EFF	50%	50%

Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Kalani, B.B.	PT	MPAC	Ward 27 ANC	100%	0%
Kiki, P.L.	PT	Municipal Services	Ward 6 ANC	100%	0%
Kilimani, N.W.	PT	Economic Development and Agencies	Ward 46 ANC	92,86%	7,14%
Kodwa-Gajula, Z.	PT	MPAC (Chairperson)	Ward 24 ANC	71,43%	28,57%
Kolela, M.C.	PT	IDP and Organisational Performance Management	Ward 25 ANC	100%	0%
Kosani, M.	PT	Economic Development and Agencies	PR DA	85,71%	14,29%
Kumbaca, N.L.N.	FT	Infrastructure Services (Chairperson)	PR ANC	85,71%	14,29%
Luzipo, T.I.	PT	Corporate Services	PR DA	85,71%	14,29%
Mabandla, B.S.	PT	MPAC	Ward 27 ANC	0%	-
Mackley, M.	PT	Spatial Planning and Development	Ward 28 DA	85,71%	14,29%
Madikane, M.N.	PT	Infrastructure Services and Institutional Operations and Civic Relations	PR COPE	92,86%	7,14%
Majeke, A [Started w.e.f. 18/10/17 Council meeting]	PT	MPAC	PR DA	81,82%	18,18%
Makapela, Y.C.	PT	IDP and Organisational Performance Management and Infrastructure Services	PR AIC	71,43%	28,57%
Mankayi, Z.Y.	PT	Municipal Services	Ward 43 ANC	42,86%	57,14%
Maphuka, S	PT	Health and Public Safety and Emergency Services	Ward 42 ANC	92,86%	7,14%
Mapisa, A.	PT	Corporate Services	Ward 8 ANC	85,71%	14,29%
Marata, M.N.	FT	Economic Development and Agencies (Chairperson)	PR ANC	92,86%	7,14%
Matiwane, C.	PT	MPAC	PR EFF	71,43%	28,57%
Matiwane, N.P.	PT	Economic Development and Agencies	Ward 13 ANC	71,43%	28,57%
McDowell, J.S. [Started w.e.f. 27/6/18 Council meeting]	PT	IDP and Organisational Performance Management	Ward 18 DA	100%	0%
Mdinwa, F.Z.	PT	Economic Development and Agencies	PR DA	85,71%	14,29%
Mhlola, N.M.	FT	Human Settlement (Chairperson)	Ward 2 ANC	57,14%	42,86%
Miza, P.K.	PT	MPAC	Ward 3 ANC	85,71%	14,29%
Mnyute, A.O.	FT	Health and Public Safety and Emergency Services (Chairperson)	PR ANC	92,86%	7,14%
Morolong-Yekiso, M.C.	PT	Institutional Operations and Civic Relations	Ward 7 ANC	57,14%	42,86%
Moyikwa, N.	PT	Health and Public Safety and Emergency Services	Ward 30 ANC	100%	0%
Mpanza, V.E.	PT	Economic Development and Agencies	Ward 48 ANC	85,71%	14,29%
Mtya, T.L.	PT	MPAC	Ward 50 ANC	92,86%	7,14%
Mtyingizane, Z.	PT	Finance	Ward 14 ANC	78,57%	21,43%
Nazo-Makatala, P.	FT	Spatial Planning and Development (Chairperson)	PR ANC	57,14%	42,86%
Ncotela, N.E.	PT	Infrastructure Services and Spatial Planning and Development	Ward 26 ANC	85,71%	14,29%
Ndotyi, N.L.	PT	Infrastructure Services	Ward 38 ANC	78,57%	21,43%
Neale-May, H.E.	FT	Municipal Services (Chairperson)	PR ANC	100%	0%
Nelani, P.E.	PT	Corporate Services and Human Settlement	Ward 33 ANC	92,86%	7,14%
Ngabayena, M.L. [Deceased]	PT	Health and Public Safety and Emergency Services	Ward 21 ANC	0%	-
Njece, V.	PT	Spatial Planning and Development and Municipal Services	Ward 47 ANC	100%	0%
Nombewu, M.B.	PT	Health and Public Safety and Emergency Services	PR ANC	85,71%	14,29%
Norexe, G.T.	PT	Human Settlement	Ward 45 ANC	100%	0%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Ntame, O.	PT	MPAC	PR DA	57,14%	42,86%
Ntsasela, S.	PT	Human Settlement	Ward 44 ANC	92,86%	7,14%
Ntshebe, N.M.	PT	Corporate Services	Ward 37 ANC	92,86%	7,14%
Peter, N.P.	FT	Finance (Chairperson)	PR ANC	71,43%	28,57%
Peter, V.	PT	Institutional Operations and Civic Relations	Ward 32 ANC	78,57%	21,43%
Pollock, L.	PT	Health and Public Safety and Emergency Services	PR DA	92,86%	7,14%
Quse, L.M.	PT	Spatial Planning and Development and Finance	PR ACDP	64,29%	35,71%
Rademeyer, A.	PT	Municipal Services	PR DA	57,14%	42,86%
Relu, M.R.	PT	Corporate Services	Ward 16 ANC	85,71%	14,29%
Rooy, R.L.K.	PT	Human Settlement	Ward 19 DA	100%	0%
Royi, L.	PT	Corporate Services	PR EFF	21,43%	78,57%
Sakube, V.V.	PT	Corporate Services and Finance	Ward 22 ANC	85,71%	14,29%
Sauli, B.	PT	Institutional Operations and Civic Relations	Ward 36 ANC	64,29%	35,71%
Simandla, X.	PT	Human Settlement	Ward 23 ANC	100%	0%
Simon-Ndzele, L.E.	PT	Institutional Operations and Civic Relations and Finance	PR ANC	50%	50%
Skepe, S.G.	PT	Economic Development and Agencies	Ward 41 ANC	78,57%	21,43%
Skolo, S.	PT	MPAC	Ward 35 ANC	71,43%	28,57%
Swart, C.A.	PT	IDP and Organisational Performance Management	Ward 29 DA	85,71%	14,29%
Thompson, I.	PT	Spatial Planning and Development	PR DA	100%	0%
Thwalingca, B.O.	PT	Health and Public Safety and Emergency Services	PR EFF	57,14%	42,86%
Tokwe, V.	PT	Infrastructure Services	Ward 34 ANC	71,43%	28,57%
Tokwe, Z.P.W.	PT	MPAC	Ward 5 ANC	92,86%	7,14%
Toni, S.N.	FT	Corporate Services (Chairperson)	Ward 31 ANC	100%	0%
Tsala, S.E.	PT	Human Settlement	PR DA	71,43%	28,57%
Tshabe, N.E.	PT	Spatial Planning and Development	PR EFF	50%	50%
Tutu, V.	PT	Municipal Services and Finance	PR AIC	85,71%	14,29%
Vallabh, D.	PT	Institutional Operations and Civic Relations	PR DA	71,43%	28,57%
Viaene, D.P. [Left in March 2018]	PT	IDP and Organisational Performance Management	Ward 18 DA	66,67%	33,33%
Vitbooi, R.	PT	Human Settlement	Ward 10 ANC	92,86%	7,14%
Walton, G.K.	PT	MPAC	PR DA	100%	0%
Wetsetse, M.	PT	Spatial Planning and Development	Ward 9 ANC	71,43%	28,57%
Witbooi, X.	FT	Institutional Operations and Civic Relations (Chairperson)	PR ANC	100%	0%
Yenana-Nonjiwu, P.P.	PT	IDP and Organisational Performance Management and Infrastructure Services	Ward 17 ANC	85,71%	14,29%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					TA

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
CORPORATE SERVICES PORTFOLIO COMMITTEE	<p>To consider and to make recommendations to the Council on the measures necessary including inter alia the following –</p> <p>Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings</p> <p>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</p> <p>Employee performance;</p> <p>Information and technology support services;</p> <p>Contract management and negotiations in respect of salary increases and fringe benefits; Measures required in respect of the avoidance of strike and other conflict actions;</p> <p>Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and Council Support</p> <p>Auxilliary, Records Management and Decision Tracking</p>
INSTITUTIONAL OPERATIONS AND CIVIC RELATIONS PORTFOLIO COMMITTEE	<p>To make recommendations to the Executive Mayor pertaining 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;</p> <p>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>Public places; Horticulture; Libraries;</p> <p>Halls; and Community Support Centres.</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;</p> <p>Budget management including revenue and expenditure management; Capital raising; and</p> <p>Supply Chain management.</p>

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
BUDGET STEERING COMMITTEE	<p>The Finance Budget Committee will fulfil the following Operational functions. 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 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>

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES

Municipal Committees	Purpose of Committee
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> <p>Traffic and parking</p> <p>Fleet management and maintenance</p> <p>Scientific services</p> <p>Built environment with the exception of town planning building control</p>
IDP AND ORGANISATIONAL PERFORMANCE MANAGEMENT PORTFOLIO COMMITTEE	<p>To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56 of the Municipal Structures Act.</p>
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:-</p> <p>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 Arts and culture and Heritage Activities</p> <p>Municipal public transport</p> <p>Street trading</p>
HUMAN SETTLEMENTS PORTFOLIO COMMITTEE	<p>To make recommendations to the Mayoral Committee and Council on housing matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic use of housing resources.</p>
SOCIAL FACILITATION COMMITTEE	<p>To consider Councillors welfare and matters related thereto</p>
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	<p>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</p>
AUDIT COMMITTEE	<p>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.</p>
REMUNERATION COMMITTEE	<p>To examine information provided to the Committee dealing with the total remuneration package of all Section 57 Managers including the City Manager.</p>
RULES COMMITTEE	<p>To determine the standing rules and orders of procedure for the Council.</p>

APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	DIRECTOR/MANAGER (TITLE AND NAME)
EXECUTIVE SUPPORT SERVICES	MS NCUMISA SIDUKWANA
CORPORATE SERVICES	MR BOB NAIDOO
ECONOMIC DEVELOPMENT AND AGENCIES	MS NOLUDWE NCOKAZI
INFRASTRUCTURE SERVICES	MR NCEBA NCUNYANA
MUNICIPAL SERVICES	MR KHOLEKILE TAPILE (ACTING)
MUNICIPAL HEALTH, PUBLIC SAFETY AND EMERGENCY SERVICES	MR .VUYANI LWANA
FINANCE	MR S. PETER
SPATIAL PLANNING AND DEVELOPMENT	MRS NONCEBA MBALI-MAJENG
HUMAN SETTLEMENT	MR LUYANDA MBULA

APPENDIX D

MUNICIPAL POWERS AND FUNCTIONS

MUNICIPAL / ENTITY FUNCTIONS		
MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)*	FUNCTIONS APPLICABLE TO THE ENTITY (BCMDA)
Constitution Schedule 4, Part 4 functions		
Air Pollution	Y	
Building regulations	Y	
Child care facilities	Y	
Electricity and gas reticulation	Y	
Firefighting services	Y	
Local tourism	Y	Y
Municipal airports	N	
Municipal planning	Y	
Municipal health services	Y	
Municipal public transport	Y	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	Y	
Storm water management systems in built-up areas	Y	
Trading regulations	Y	
Water and sanitation services limited to potable water supply and domestic waste-water and sewage disposal systems	Y	
Beaches and amusement facilities	Y	
Billboards and the display of advertisements in public places	Y	
Cemeteries, funeral parlours and crematoria	Y	
Cleansing	Y	
Control of public nuisances	Y	
Control of undertakings that sell liquor to the public	Y	
Facilities for the accommodation, care and burial of animals	Y	
Fencing and fences	Y	
Licensing of dogs	Y	
Licensing and control of undertakings that sell food to the public	Y	
Local amenities	Y	
Local sport facilities	Y	
MUNICIPAL / ENTITY FUNCTIONS		
MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)*	FUNCTIONS APPLICABLE TO THE ENTITY (BCMDA)
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	0		7
	KOLONZA JANINE			12	
	DUMANI ZIYANDA			12	
	MABENTSELA NOMSA			12	
	MKHABA ZIKHONA			12	
	NASE PHAKAMA			12	
	REWU PASIJO			12	
	TILONGO BABALWA			12	
	STOFIE CHARLEN ELIZABETH			12	
	VELA LINDA			12	
	NTOMBIFUTHI RUBUSHE (Resigned)				
	ZABEKO NOMFUNDO				
2	Cllr NTOMBIZANDILE M MHLOLA	Yes	5		6
	GOBOZI NOMAWETHU			12	
	LINGANI YANDISWA SAMI			12	
	MALIWA MZOLI			12	
	MKLANGENI NKWENKWANA ALFRED			12	
	NOGWINA SISA SHERPARD			12	
	NGWETSHENI NEZISWA			12	
	ANDILE NQWABA			12	
	ZWELIFILE BONGIWE			12	
	XAPHA SPHELO			12	
3	Cllr PINDILE K. MIZA	Yes	8		1
	KELELE NONTUTUZELO			12	
	MAGANDA VUYOLWETHU			12	
	MAJIKI NOLINDO			12	
	MANANGA NOLUVO			12	
	MTSHAWULI O. NOMSA			12	
	MTSHAWULANA L. NOZIPHO			08	
	NDLHOVU VUSUMUZI			12	
	JIBA PRUNDENCE			12	
	ZWENI ANELISA			12	
	MATSHWILI OLIVDE			12	
4	Cllr ANNASTASIA M.C BOTHA	Yes	6		3
	CHARLIE THANDUXOLO				
	BAYNES A.J ELIZABETH			12	
	COETZER RIONA CATHERIEN			12	
	FOKWEBE NONTUTHUZELO PRUNAH			12	
	HASHE BUSISIWE			12	
	NEITHERCUT ROSEMARY			12	
	SAGQU KHOLEKILE			12	
	VOSTER ANNETTE			12	
	MBAMBO SANGO.L			12	
	LYNCH WADE			09	
5	Cllr ZANDISILE TOKWE	Yes	11		3
	JALI MKULULEKI			12	
	MOSTEKO PHINDILE			12	
	MALGAS NTOBEKO TERRY			12	
	FULELA NOKUZOLA C.			12	

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
	VUYANI HOLIDAY M.			12	
	MBENE KHUMBUZA			12	
	JOSE FUNDISWA			12	
	MBOYANE MAVIS			12	
	NTLAMA XABISA. L			12	
	MBANGATA LUNGILE			12	
6	CLLR LIXOLILE P. KIKI	Yes	6		2
	SPALDING GERENDRA PEDRO			12	
	BOESAK GERENDRA PEDRO			12	
	BUYANE NONZINGISO THEODORA			12	
	DU PLESSIS VALDA			12	
	FAKU THANDUXOLO JOSEPH			12	
	KING NIKITA			07	
	MAKOTYANA NKULUYAKHE			12	
	MEHLO LUNGA			11	
	NKWENKWANAZAMEKILE			12	
	XOLILE SIBULO			11	
7	CLLR CLARA MOROLONG-YEKISO	Yes	5		3
	NONGOGO MICHEAL L.			12	
	DEKI NOMBEKO. E			12	
	LOLIWE NTSIKELELO			12	
	JAM – JAM MATU			12	
	GQOKOZA LINDIWE			12	
	KHEWANE ZOLISWA			12	
	MAGOPENI NTOMBIZAMANTULI. P			12	
	MTHOTYWA ZUKILE			12	
	SIZANI FLORANCE			12	
	TENANA BULELWA			12	
8	CLLR AYANDA MAPISA	Yes	5		4
	DYANI XOLISA			10	
	GQATE SIMPHIWE			12	
	KOBO SIBONGILE			12	
	MABOMBO NOXOLO			12	
	MAFANYA THABISA			12	
	NGAMNTWINI ISAAC			12	
	QAMRA NOSISA			12	
	SALIMANI LUDUMO			12	
	SAM VUYO .M			12	
	SIKO PHAKAMILE			11	
9	CLLR MENDI WETSETSE	Yes	6		6
	DUMA SITHEMBELE			12	
	GUMEDE BONGINKOSI			12	
	LUKASHE VUYISWA			12	
	LUSASENI LUDUMO			12	
	MBUTO ENDY			12	
	MENZIWA LWANELE			0	
	RAYI NOMPUMELELO			12	
	MAKAZI NANGAMSO			12	
	VENGADAJELLUM COLLIN ERIC			08	
	DLAKI VANI			10	

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
10	CLLR ROSELINE VITBOOI	Yes	1		10
	CARLES ANTONIO			11	
	DAVIS DESMOND			11	
	FRANCE NOTOSI. A			12	
	GANATRI THEMBALETHU.M			12	
	HANS PEARL			12	
	LIMANE YANDISWA			10	
	MGXWATI NWABISA			12	
	MICHEALS GETRUDE			12	
	RALASI AMANDA			12	
	FRITZ ESME			12	
11	CLLR MASHWABADA GCILISHE	Yes	6		2
	BALI-TYOKOM YANDISWA. V			12	
	GOLA NOKUBONGA			12	
	JILINGISI XOLELWA, F			12	
	BANXEBA BANELE			12	
	MBANGE LINDA.P			12	
	MBOLEKWA ASANDA			12	
	MKETO ANDA			12	
	NYATHELA GERALD			12	
	QONI VUYELWA			12	
	SAMBANE NOKWANDA. S			12	
12	CLLR GWEBILE LENNOX GOSANI	Yes	11		6
	BAKA MNTUNZIMA			12	
	BADUZA AYANDA			12	
	DUNGU KHULISWA			12	
	HILITA LUMNKA			12	
	MDLEDLE NOLUNDI			12	
	NGESI LULAMA.C			12	
	NGXOVU XOLISWA			12	
	VELLEM NOMTHANDAZO			12	
	VOKOZELA NONTOKO.P			12	
	NKOYI NOLUKHANYO (Resigned)				
13	CLLR NOKULUNGA PORTIA MATIWANE	Yes	6		2
	BODLANI LUYANDA			12	
	DYABANA NOMTHANDAZO			12	
	GOMBA FUZILE.P			12	
	NGEMNTU NOMFUKU P			12	
	SAM MAKHI			12	
	TYENI ODWELL ODWA			12	
	VUSO ZOLEKA			12	
	ZEMINI PHINDILISILE			12	
	KOFI BUTISE.R			12	
	DYABANA NOMTHANDAZO			12	
14	CLLR ZININZI MTYINGIZANE	Yes	8		0
	GUWA NOMBONGO			12	
	MAFARANA NOTHEMBA			12	
	MTYEKU AMANDA NDILEKA			12	
	NDLANDLA NCEDO JOSEPH			12	
	NGEMNTU NANDIPHA			12	

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
	NGODWANA APIWE			12	
	SIMANDLA NOMVUYO			12	
	TUMTUMANA NOSISEKO			12	
	ZWELIBANZI QONDANI			12	
	NGODWANE APIWE			12	
	YANDA PHELISA (Resigned)			10	
15	CLLR MAKHAYA BOPI	Yes	6		0
	BARTMAN MENTI ALI			12	
	DAKA NOMNOKELEO			12	
	JAMES ASANDA JENIFFER			12	
	LUNGANI NOLONWABO			12	
	MDITSHWA LIZO			12	
	MXENGE SIPIWO CLIFORD			12	
	SILINGA NCUMISA			12	
	SIMAYILE FEZEKA MARCIA			12	
	TSHAKA MASIXOLE			12	
	VACANT				
16	CLLR MZUKISI RODGERS RELU	Yes	5		3
	BOTTOMAN NOMFANELO EUNICE			12	
	JIBA LAWRENCE BUNGALIPHEL			12	
	NCEDANI NOLUSINDISO VIVIENNE			12	
	NGUNUZA MXOLISI CORNELIUS			12	
	PANDA SIYABONGA			12	
	TSHALI NOMPHELO			12	
	TYITYI NOBONILE PRISCILLA			12	
	XELO NOMIKI ELDA			12	
	ZAMILE CHRISTOPHER			12	
	VACANT				
17	CLLR PUMLA YENANA-NONJIWU	Yes	10		2
	BAWANA SIPO PETER			12	
	BLANKETE NTOMBOMZI ALBERTINA			12	
	JACOBS VUYELWA VALENCIA			12	
	LISHWA NTOMBENTSHWA LIZETTE			12	
	MABHOKO NKOSINATHI			12	
	MAQUKANYA SANDISWA			12	
	MATITI SIBONGILE			12	
	MGWAYI NKULULEKO LENIN			12	
	MZAMO SANDILE			12	
18	CLLR DAVID PETER VIAENE	Yes	8		2
	BADENHORST KATHLEEN JOAN			12	
	CARTER ALAN ROBERT			12	
	CUNNINGHAM HALDENE WALTER			12	
	KEIL BERYL			12	
	LIDDLE ANDREW GEOFFREY			12	
	NIKELO BUHLE			12	
	MC DOWELL			12	
	VAN SCHELTEMA SUSAN PATRICIA			12	
	VAN DYK JESSY			12	
	VAN SCHELTEMAGERHARD JAN			12	
19	CLLR RICHARD L M KELVIN ROOY	Yes	9		2
	JABAVU NOMPUMELELO			12	

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
	LESSING CATHERINE LORRAIN			11	
	MPAFI CHUMASANDA			09	
	SCHROEDER ROSEMARY ANNE			12	
	STERLING ANTHONY HUNG			12	
	VINCANA NOMSITELO CHRISTINA			12	
	SHEILA NOMPUMELELO			12	
	SANDRA PIJOOS			12	
	EXFORD JULIET (Resigned)			09	
	THABANG SEJOSENGOE(Replace)			03	
	BOTHA SHANNON (Resigned)			09	
	QAPA NOMFUNDO (Replace)			03	
20	CLLR NTOMBIZODWA GAMNCA	YES	0		0
	FUMANISA SONWABO			12	
	KRATSHI XOLISWA PORTIA			11	
	MBEKWA NKULULEKO (Resigned)				
	MBENGE TUMEKA			12	
	MBINA NOSKHUMBUZO			12	
	MJOLI NOMHLE (Deceased)			12	
	NDZANDZA LAMLIZIZWE LAWRENCE			12	
	NGQAME XOLISWA D MOTETE			12	
	NTSANGANI MAWETHU			12	
	VANTO THEMBINKOSI JEFFRY			12	
	MLUNGWANA YONELA			12	
	NOTHEMBA MATINISE			12	
21	CLLR MLANDELI NGABAYENA	YES	0		0
	BANGANI JONGILE			12	
	FUNDANI LINDILE			12	
	HOPA THOZAMA			12	
	MAPHUKATHA ZOLILE			12	
	MASHIBINI NONANI			12	
	MATYALANA VUYANI			12	
	SINYABI SIMPHIWE.A. T			12	
	SITYEBI NOPOLOLO			12	
	XAKATHA PHINDILE			12	
	MQULO MIMI (Deceased)				
22	CLLR VELIWE VIVIANNE SAKUBE	Yes	12		6
	BOOI SABELO			12	
	FAKIDOLO VUYISILE			12	
	LUMBE MFUNDO. S. S			12	
	MAPUKO FANISWA. S			12	
	MAYO NOSICELO AGNES			12	
	MDLAMNKOMO MILDRED NTOMBIZODWA			12	
	PHONOIYI CIKIZWA			12	
	QAMARAH YOLISWA EUNICE			12	
	TAPI PETIDO NONZWAKAZI			12	
	XELO ZOLEKA BRYCENA			12	
23	CLLR XOLANI SIMANDLA	YES	13		4
	GWAYI THEMBELAN			12	
	JUZAYO KHAULEZILE MAXWELL			12	
	MAMA PUMLA PAMELA			12	

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
	MANCAM MLULEKI ALFRED			12	
	MATINISE MVUSELELI SAM			12	
	MBAMBISA VUYELWA			12	
	MGCUWA LINDILE IAN			12	
	SICATSHA LANDELWA EUNTHIA			12	
	SNOBOLO NOLUTANDO			12	
	YAWATHI NOMPHELO MONALISA			12	
24	CLLR ZAMEKA KODWA-GAJULA	YES	0		7
	MLOTA PHUMLA			06	
	BOTILE NONTEMBEKO			06	
	HLALU JOSEPH			06	
	ZINDLU THABISA			06	
	MBOYI VELISWA			06	
	SOHA PUMLA			06	
	VACANT				
	VACANT				
	VACANT				
	VACANT				
25	CLLR MTHETHELELI CROSBY KOLELA	YES	5		3
	DYANTYIE MBUYISELO JULY			12	
	KALIPA WINNIE WILLIAM			12	
	KWEPILE NOSIPHIWO			12	
	LEKONYANA TSELISO ERNEST			12	
	MABECE NOMANDITHINI IRENE			12	
	MOOI LINDILE			12	
	MPAKU NTOMBIZANELE GETRUDE			12	
	NOJOKO SKHUMBUZO			12	
	PONI THEMBINKOSI ERIC			12	
	TSHAKA NOXOLO (Resigned)			07	
26	CLLR NTUNKULANA ELLIOT NCOTELA	YES	9		4
	BAKUMENI SIYANDA			12	
	CIMANI NDILEKA			12	
	MATSHINI GCINIKHAYA SAMUEL			12	
	MFENE MONDE			12	
	NOKOYO NOMBASA(Resigned)			12	
	QAZE NONCEBA THEO (Resigned)			12	
	MFENE SISONKE			12	
	MAGUMASHOLO MKHULULI			12	
	RATSHI THABISA			12	
	TAPILE GCOBISA			12	
	WEXU NOMARUTWANA NOCAWE			12	
	NGELANGA THEMBINKOSI			12	
27	CLLR BOY-BOY KALANI	YES	6		4
	DALASILE SIKO SEDWICK			11	
	HOKISI VUYISILE			12	
	JITA XOLISA PAUL			12	
	MAPHI NOMBULELO (Resigned)			0	
	MAJALI NAMFAZI			05	
	MBENGWANA NTOMBIYAKHE (Resigned)			12	
	LIZOLE MANINJWA				

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
	MPOFU ZIMASA			12	
	ROPO THEMBA			12	
	THUNYISWA DERRICK			12	
	VETO NOSICELO VOLCONIA			12	
	BONGEKA SDUMO			12	
28	CLLR MARION MACKLY	YES	11		1
	WRIGHT RENE			12	
	GUNGU BRENDA PAMELLA			11	
	NDIKA ZUZILE DERRICK			08	
	PROUD SETON JOHN			12	
	WILDEMAN WILLIAM EUGEN			12	
	SMITH SHANE SELWIN			12	
	MIKE WILLIAM			12	
	GAIL COUSIN			12	
	KAREN BREETZKE			12	
	JOHN PROUD			12	
29	CLLR CHRISTIAAN A. SWART	YES	10		1
	SWART CORNELIUS JOHANNES			12	
	ELS DEWALD			12	
	KNOETZE DEWALD			12	
	KNOETZE VALERIE DAWN			12	
	MCLAREN MICHAEL			12	
	SUNJKA CHRISTOPHER NOEL			12	
	MATIKINCA KWEZI			11	
	DE REUCK RUSSELL WAYNE			12	
	MIKE McLaren			12	
	KISWA NTSIKA			12	
	CAROLYN HENN			12	
30	CLLR NOMONDE MOYIKWA	YES	11		3
	FITI ANELE ANNE				
	GQIRANA PINKIE PAMELA(Resigned)			12	
	KALIMASHE NOMAKULA			12	
	LUGOGWANA NONQABA			12	
	MAGUBHEN LULAMA VESTA			12	
	MAXENGANE AYANDA (Deceased)			12	
	MAZALENI MBASA			12	
	MQOLOMBENI VUYISWA			12	
	VALENTIYA NOMZAMO			12	
	MNYAMANA THEMBINKOSI			12	
31	CLLR SINDILE TONI	YES	10		7
	JONI YONGAMA BERNETT			12	
	MAHLATHI NOWAKHE EUNICE			12	
	MDANISO SITHEMBISO HENRY			12	
	DINGANI NONDAKUTINI PATIENCE			12	
	DYOKWE KADEPHI ELLIOT			12	
	KALIKENI ABONGILE			12	
	MBINDA GLORIA NONTUTHUZELO			12	
	MKOBENI BONISILE			12	
	NOZEWU MAYENZEKE OTTO			12	
	SIMAYILE E LIBELE			12	
	DYANTYI VUYISILE			12	
32	CLLR VUYANI PETER	YES	2		1
	RUNGQU VUYISA			12	

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
	GAULA NTOMBENTSHA VERONICA			12	
	KONDLO LUYANDA VALENCIA			12	
	KULA LUBABALO			12	
	MAKATSI BONGANI BETHUELL			12	
	MGANGQA MZOLISI ELLIOT			12	
	MJEKULA SINDISWA CYNTHIA			12	
	PINAPI ASANDA NOMNIKELO			12	
	TOKWE LYDIA			08	
	TSHABENI BULELWA PATRICIA			12	
33	CLLR PUTUMILE ENOCH NELANI	YES	12		6
	DAMANE MBUYISELI IVAN			12	
	DYAKOPU BONIWE			12	
	FUDUMELE NOMSA			12	
	JOVANA POZISA			12	
	MGQIBELO NELISWA OLIVIA			12	
	NTONA NOMVELISO VICTORIA			12	
	NYANGWA NONTENBEKO PRECIOUS			12	
	YELANI VUKILE ADVOCATE			12	
	RUNGQU VUYISILE			12	
	NONQONQOTHO ZOLEKA			12	
34	CLLR VUYO TOKWE	YES	11		4
	DYANTYI ASANDISWA			12	
	JAFTA CACISA			12	
	KAYA MAWETU			12	
	LUVATSHA ZOLILE MOSES			12	
	MAKALIMA LINDA			12	
	MANGXOLA PHUMZILE			12	
	MAPETE BULELWA IDA			12	
	QOLO KHANYISA BEAUTY			12	
	SISHUBA NONYAMEKO ZUKISWA			12	
	TSANA VUYISWA			12	
35	CLLR SIYABONGA SKOLO	YES	11		5
	FANENZE PHUMLANI (Deceased)			00	
	MAGQAZA SIMPIWE			04	
	HLABI SIPHUKHANYO			12	
	MANKAYI THOBILE MARCPHESON (Resigned)			06	
	MELANE SIKHULULWE			12	
	NOYILA NOLUBABALO CECILIA			12	
	SEYISI NDODANA MATTHEWS			12	
	TSEWU SINDILE BENWELL			12	
	NOCEBO XASHE(Resigned)			00	
	DINGENI LINDELWA ANNASTACIA			12	
	MATSHA ERIC(Deceased)			00	
	MLINDAZWE SIPHOSETHU			12	
36	CLLR BONGIWE SAULI	YES	4		2
	BHETHE-JILILI THENJIWE JANE			12	
	JOYISI SONWABO LIVINGSTONE			12	
	MANGWANA JONGINTSHABA ENOCH			12	
	MDLELENI XOLANI MCPHERSON (Resigned)				
	SOMNONO LUNGILE			02	
	NGESI NOMVUYISO GLADYS			12	

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
	QONDO NOMFUNKEO GLADYS			12	
	SOPOTELA VELISWA FAITH			12	
	STOFIE LUYANDA			12	
	TWEBE NTOMBESIZWE ELIZABETH			12	
	ZADUNGE BONISWA CYNTHIA			12	
37	CLLR NTOMBEKHAYA NTSHEBE	YES	9		5
	BOMVANA THANDIWE ANTONCIA			12	
	MAHLOMO THABO			12	
	MAWU NOMANA GLADYS			10	
	GEZAR MZIWAKHE MKHULU			11	
	GWARUBE NODUTYWA CATHERINE			10	
	NDLUMBINI FUZEKA LENA			12	
	FUZEKA LENA PHUMEZO			12	
	NTSINDELO PHILLIP			10	
	VANCANT				
	VANCANT				
38	CLLR NTOMBOMZI NDOTYI	YES	13		1
	DAYIMANI KHUMBUZILE DAVID			12	
	FAMA SINOXOLO			12	
	GQOLA SONWABO			12	
	KEPE MANELISI CALLCIUS			12	
	MAZUZA NIKIWE CAROLINE			12	
	MCITAKALI ZIBELE			12	
	MHLANTLA VUYISWA ETHEL			12	
	MONI NOLUTHANDO			12	
	NKANTINI NOMZINGISO			12	
	TWENI SIPHOKAZI			12	
39	CLLR BONGANI DYONASE	YES	3		1
	VIMBAYO SIMPHIWE			02	
	YAKOBI NONDUMISO YAKOBI			02	
	SMITH MELVIN			02	
	THEMBALEKHAYA SMANGA			02	
	HABANA THEMBINKOSI			02	
	KUNELISI MALIBONGWE			02	
	CHUMANI MANANA			02	
	PHUMEZ NOKRAWUZA			02	
	THEMBISA GEORGE			02	
40	CLLR KHOLIWE THEMLA FAKU	YES	5		1
	BAWUSHANI LULAMA			12	
	CIKOZANI MBULELO			12	
	FENI BUKIWE			12	
	JOSI NOMTHANAZO			12	
	KATE LUYOLO			12	
	MGWATYU PHELISA			12	
	MXOLI NOMANGESI			12	
	NGANTWENI MNONELELI			12	
	NONTSHINGA XOLA SYDNEY			12	
	TSHAMBU KHOLIWE			00	
41	CLLR SINDISWA SKEPE	YES	3		2
	KEWUTI LINDELA			12	

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
	MAGQAZA PUMLANI DOUGLAS			12	
	MINI AGNES			12	
	NGOKU NANDIPHA ETHEL			12	
	NGWANE SISA LAWRENCE			12	
	NONYANDA THOZEKA MONICA			12	
	TYILO MAKHAYA			12	
	MANGALI VUMEKA WINKY			12	
	SIZANI ZUKISWA			12	
	BULWANA NOKUZOLA			06	
42	CLLR SENDUKU MAPHUKA	YES	4		2
	GOBINDUKU NONKQUBELA			12	
	JACK LINDA			12	
	KOLISI MLUNGISI			12	
	KOYANA TANDIKAYA			12	
	LUSU ALBERTINA KOLEKA			12	
	MKANYELWA NTOMBIZAKHE			12	
	NTLONGWENI NONDUMISO			12	
	NTONTELA PHELEKA			12	
	SOBETWA NOLUNDI			12	
	STURMAN THANDISWA			12	
43	CLLR ZUKISWA MANKAYI	YES	10		6
	BONTSI ZOLEKA ANGEL			01	
	HASI ZUKISWA			12	
	JHO NTOMBEKHAYA FELICIA			12	
	KOMANA NONCEDO			12	
	KOMANI WONGALETHU			12	
	MAMA LUNDI			06	
	MANQININI DILIZA			12	
	MAPISA NONKULULEKO FLORANCE			12	
	NOGQALA MICHEAL LINDA			12	
	MADOLWANA ZAMUKWAKHA			12	
44	CLLR SIXOLISIWE NTSASELA	YES	11		7
	MASE FEZIWE			12	
	MFAZWE THOTYELWA SYLVIA			12	
	NDALA NOZINTOMBI VIRGINIA			12	
	NONTSENDWANA YANGA			12	
	NQGUMAZA AVIWE			12	
	QABA MAWETHU			12	
	SITHUNGU DORIS NOKUTEMBELA			12	
	WINNAAR TULLY SAMANTHA			12	
	YAWA THOZAMA			12	
	DESMOND COETZEE (Resigned)			00	
45	CLLR THOZAMILE NOREXE	YES	9		3
	BANGUSHE WELEKAZI FELICIA			12	
	DYELE THEMBAKAZI			12	
	GIDIMI MLULEKI JEFFERY			12	
	GOMOMO NOMONDE (Resigned)			12	
	GXABALASHE ARETHA VIWE			12	
	MGQALISO REBECCA NOMBULELO			12	
	NAKO NOMBULELO FLORANCE			12	

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
	NKUNJANA OLWETHU			12	
	TANANA LUMKO			12	
	VITI SIZIWE SYLVIA			12	
	YEKANI NOMPHELO			12	
46	CLLR NCEBA KILIMANI	YES	8		6
	APRIL ZINAKILE JEFFREY			12	
	GALIMOYA NOMTHANAZO			12	
	GWEJE NONDUMISO			12	
	KLAAS LUNGAKAZI			12	
	LENI NOKUZOLA LENI			12	
	MALOYI SIPHOKAZI THERESA			09	
	MBALANE OWETHU			12	
	NDONDO NOKUZOLA FLORENCE			12	
	NKONTSO KHUNGEKA			12	
	SABA TEMLETON MPUMELELO			10	
47	CLLR VUSUMZI NJECE	YES	11		7
	NGUBO NONZWAKAZI NORAH			12	
	BANGANI DANNY			12	
	KENTANE BONGIWE			12	
	KOSE NTOMBEKAYA			12	
	MBULA NOMSA			12	
	MYEKENI KULUSHE VICTORIA			12	
	POKWANA NONTOBeko VALERIE			12	
	RWAYI ABULELE XHATI OSBORN			12	
	SIFENENGU NKOSINATHI			12	
	DAMA ZINGISILE			12	
48	CLLR VUYISWA MPAZA	YES	5		6
	ZUKISWA TSHOTYANA			12	
	TEMBELANI NIKIWE			12	
	BOTA MLAMLI			12	
	NGUQU TABATA			12	
	NONTUTHELA VUYISWA			12	
	NTSIKELELO SIRUNU			12	
	XOLANI NGAMLANA			12	
	NOTUTELA ANDILE			12	
	SIMKA THEMBELA			12	
	LUTHANDO NDAMASE (Resigned)			08	
49	CLLR MFUNDO BOTA	YES	2		2
	HIBANA ERIC LENANA (Deceased)			12	
	KATSANA SIYATHEMBA			12	
	MAJWABI NTOZAKHE			12	
	MATAMO NTOMBOKUQALA JOYCE			12	
	MBENTSE LETITIA NOKUZOLA			12	
	MENZELA STANLEY LUNGILE			12	
	NGALONKULU ZANDISILE			12	
	BOMA FIKISWA MONICA			12	
	GQOGQA SINDISWA FLORANCER			12	
	GWESHANA LUNGISANI			12	
50	CLLR THOBILE MTYA	YES	12		6
	DYELE SITHEMBISO			12	
	GAVINI SYDNEY			12	

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
	GQAMLANA SINDILE DAVID			12	
	MAJUMJUM MNCEDISI			12	
	MAKELENI VUYOKAZI			12	
	MANTLOZANA MANDLA			12	
	MATELISE THEMBISILE			12	
	MONA NOMVELO			12	
	NQUMAMA THULANI			12	
	SKRITSHI MZUKISI			12	

APPENDIX F

WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2016/2017 (Full List at Appendix O)				
No.	Project Name and detail	Start Date	End Date	R' 000 Total Value
	Reeston Bulk Sewer	1-Jul-17	30-Jun-18	35,000
	Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW	1-Jul-17	30-Jun-18	233,480
	Fleet Street	1-Jul-17	30-Jun-18	50,000
	Rural Roads	1-Jul-17	30-Jun-18	120,000
	BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles (R3Mill for Building Maintenance Vehicles)	1-Jul-17	30-Jun-18	69,000
	Bulk Electricity Infrastructure Upgrade (Ring-Fenced 4% of the Total Electricity Revenue)	1-Jul-17	30-Jun-18	180,000
	Needs Camp Potsdam Bridge	1-Jul-17	30-Jun-18	50,000
				<i>T F.1</i>

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					
Shortfall in Housing units					
*Including informal settlements					T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 2015/16
1	electrification of informal dwelling meeting the electrification guidelines	38 new connections
2	RDP (INEP) Electrification	2314 new connection completed
3	Street lighting in BCMM area of supply	1600 new energy efficient lights installed
4	high mast lighting for security	10
		<i>T F.3</i>

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2017/2018

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2017/2018	Recommendations adopted (enter Yes) If not adopted (provide explanation)
15-Sep-17	2	Yes
05-Dec-17	4	Yes
12-Jan-18	5	Yes
26-Feb-18	6	Yes
23-Apr-18	8	5 Yes, 3 Work-in-Progress
18-Jun-18	11	7 Yes, 3 Work-in-Progress, 1 Not implemented: report not yet submitted by the relevant department
Total	36	TG

APPENDIX H

LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

No long-term contracts and public private partnerships concluded during the year under review

APPENDIX I

MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

MGDS PILLAR: A Well Governed City					
IDP KPI: Good Governance and Participation					
BCMDA STRATEGIC OBJECTIVE: Effective Board Secretariat and Legal Support					
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES	
Number of board & committee meetings organized and recorded	21	20	21 Achieved	5 Board Meetings (including one special board meeting) were held together with 16 meetings for the four board committees.	
Percentage implementation of board resolutions	90 %	100%	99% of Board Resolutions have been implemented Not Achieved	1 partially implemented	
Percentage of board secretariat functions and legal support matters dealt with as per legislated time-frames	100%	100%	100% - All board secretariat functions and legal support matters were dealt with as per legislated time-frames. Achieved	None	
Percentage implementation of litigation matters attended to within time-frames	100%	100%	No litigation matters in the year under review. Achieved	None	

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDSA STRATEGIC OBJECTIVE: Equitable and Sound Corporate Governance				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage Expenditure	32%	99%	Expenditure is 106 % (excluding conditional grants expenditure) Achieved	Non-receipt of DEA Grant due to non-approval of the business plan leading to non-expenditure in certain votes and cash flow constraints.
Auditor – General Audit Opinion	Unqualified Audit Opinion was received from the Auditor General	Unqualified Audit Report	Unqualified Audit opinion was received from Auditor General in Q2 Achieved	None
Percentage implementation of risk based internal audit plan	100%	100% Implementation of the Risk Register and Internal Audit Plan	90% YTD implementation of internal audit plan Not achieved	Resignation and vacancy relating to the Company Secretary position led to delay in progress. On 01 July 2018 a new Company Secretary was appointed.
Percentage implementation of audit recommendations from all audit reports (external).	90%	90%	100% of findings raised were resolved by April 2018. Achieved	None

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Adequate and Appropriately Skilled Staff				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage vacancy rate on funded posts	35.2%	10%	11% Not Achieved	The Agency had to delay the appointment of Programme Manager due financial resources. To ensure all funded positions are filled in the 1 st Quarter of 2018/19FY. The average is 6.8 for the Financial Year.
Percentage Turnover of staff	0%	12%	5.5% Achieved.	None
Percentage of women	54%	50%	65% of the staff of the Agency are women Achieved	No Challenges experienced. Target has been achieved.
Percentage implementation of PMDS	66%	100%	All employees have signed Performance agreements and annual work plans 100% All employees signed their half yearly verifications. All year-end reviews will be conducted and signed off before 20 th July 2018. Achieved.	No Challenges experienced. Target has been achieved.

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Efficient and Effective Information Technology and Knowledge Management Services				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage implementation of an Electronic document managements system	Nil	30% of concept and design approval	Terms of reference for EDMS were developed and approved. Tender was advertised and closed in the month of February 2018 The service provider has been appointed and implementation has begun Achieved.	No Challenges experienced. Target has been achieved.

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Effective Brand Management and Communication				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage implementation of the marketing strategy	Draft marketing strategy has been developed and some marketing activities implemented	Marketing strategy developed and implemented	Marketing strategy developed and 100% marketing activities implemented Achieved	Additional human resources required
Percentage implementation of the Stakeholder Relations Management strategy	Draft Stakeholder Relations Management strategy has been developed and some stakeholder engagement activities implemented	Stakeholder Relations Management strategy developed and implemented	Comprehensive Stakeholder Relations Management strategy developed and 100% of stakeholder engagement activities implemented Achieved.	Additional human resources required

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Tourism Opportunities Exploited in High Value Products				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Number of tourist attraction activities implemented and/or supported	0	2	Implemented 2 and partnered 1 tourist attraction activity. Achieved.	Additional human resources required
Percentage development of the Water world as a leisure tourist site	Professional Service Provider for Precinct Plans appointed	25% Construction completed	Not achieved	Draft designs developed and working drawings in progress; The draft designs for Water World site has been approved and instructions were given to the Consultant to commence all town planning and EIA and concurrent working drawings and submissions to BCMM. Subdivision and rezoning application not yet submitted; Consultant requested to make a full submission of designs and zoning and subdivision application to BCMM; EIA process to be expedited and to engage DEDEAT; EIA application not yet submitted due to Final Designs not yet completed; Impasse on fees and scope with consultant; Impasse resolved. Contract and scope of work reduced to design services and related approvals, BOQ and Tender Document only.

5.3 Goal 3: Efficient, Productive and Sustainable Management of Land and Buildings

MGDS PILLAR: A Spatially Transformed City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Inner City Regeneration				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Number of City Improvement Districts established	Visit various CID implementers	1	1	Delay in attaining comments from the BCMM's General Manager for Community Services and Safety and Security; Appointment process in progress as Tender advertised for prospective service providers; No constructive input from BCMM on activities to be delivered by the Service Provider; Communication to Director Security Services to illicit input from BCMM; Non-compliance in regards of visual presentation by contractor; Communication of challenges to contractor and planning of launch event; Contractor gave notice to exit contractual obligations.

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: A Well-Developed Beach Front				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage development of Marina Glen Site	Professional Service Provider for Precinct Plans appointed	10% Partnership agreement signed	Not achieved	Market valuation completed; In quarter 2 the Consultant was requested to submit formal documentation to BCMM to request zoning (BUS 1) to be extended based on SPLUMA for another 2 years; Rezoning request submitted to BCMM – no progress on rezoning process to date since June 2017; No response to request for meeting to discuss these and various matters forwarded to the HOD SP&D; BCMM to approve zoning extension; BCMDA CEO/EM:DF to have further engagements with CM/BCMM: HOD – SP&D; Legal matter in regards of previous process by BCM on land allocation; Addressed by Agency legal section.
Percentage development of the Court Crescent site	Professional Service Provider for Precinct Plans appointed	25% construction completed	Not achieved	Draft designs developed through public participation process and working drawings in progress; Approval of draft designs and concepts in November 2017. Final designs to be submitted to BCMM in 3rd Quarter; Public participation process meetings far apart; Land Availability agreement not signed; Timeous consultation and involvement of stakeholders; Consultant requested to make a full submission of designs and zoning and consolidation application to BCMM; Council to sign Land Availability agreement; Approval of draft designs and concepts in November 2017. Final designs to be submitted to BCMM in 3rd Quarter; Public participation process meetings far apart; Land Availability agreement not signed; Timeous consultation and involvement of stakeholders; Impasse on fees and scope with consultant; Impasse resolved. Contract and scope of work reduced to design services and related approvals, BOQ and Tender Document only

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: A Well-Developed Beach Front				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage development of the Seaview Terrace Site	Professional Service Provider for Precinct Plans appointed	10% Partnership agreement signed	Not achieved	Market valuation completed; however, taken for review; Zoning request submitted; The application to have an internal (BCM) rezoning process has been submitted to BCMMD – no progress to date; Additionally, there has been no response to a request for a meeting to discuss these and various matters; The consultant has been requested to commence the town planning application for Sea View Terrace which was submitted to BCMMDA for review in December 2017; Rezoning request submitted to BCMMD – no progress on rezoning process to date since June 2017; BCMMD to approve zoning extension; BCMMDA CEO/EM:DF to have further engagements with CM/BCMMD: HOD – SP&D; Land not formally handed over to BCMMDA; Clear indication by BCM on land disposal process. Town planning application submitted to BCM to rezone the Land in pre-emption that BCMMDA will be allowed to dispose of it.
Percentage development of the Heroes Park site	Input to Consultant on Design and Development options	Design and operation plan approved	Not achieved	Continuous engagement with BCMMD Aquarium; This project is awaiting the Feasibility Study completion by BCMMD. BCMMDA's role would most likely be implementation of the project. In December 2017 BCMMD charted the process to get this project started to be concluded in the next year; Land Availability agreement not signed; Council to sign Land Availability agreement; BCMMDA to facilitate potential investor (SST) engagement and PPP agreement; Feasibility Study process not yet concluded. Engage with BCM on progress with Feasibility Study; Project under BCM / Aquarium administration; Awaiting BCM feasibility conclusion and handover of project to BCMMDA

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: A Well-Developed Beach Front				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage upgrading of the Esplanade	Professional Service Provider for Precinct Plans appointed	20% (Designs developed and approved and contractor appointed)	Not achieved	Draft designs developed through public participation process and working drawings in progress; Approval of draft designs and concepts in November 2017; Final designs to be submitted to BCMM in 3rd Quarter; Public participation process meetings far apart; Land Availability agreement not signed; Timeous consultation and involvement of stakeholders; Consultant requested to make a full submission of designs to BCMM; Impasse on fees and scope with consultant; This part of the work withdrawn as part of resolving impasse

5.4 Goal 4: Improved Socio-Economic Benefits within Buffalo City

MGDS PILLAR: A Green City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Job Creation & Economic Empowerment				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Number of Non-Profit Organisations supported	Policy approval and Request for proposals advertised	10	10	Advertisement for RFP done in Daily Dispatch on 17 August 2017; Committee Members Appointed, Terms of Reference developed and approved; Twenty-five (25) proposals were received and the CSI committee convened to draft assessment criteria and subsequently begin the assessment process; Qualifying NPO's was not appointed in Quarter 2 as EXCO decided that the process of Proposals be subjected to BEC and BAC; Corporate Social Investment policy doesn't elaborate on assessment criteria; Policy review process in progress; Appointment of NPO's and Disbursement of 1 st Tranche ensued Ensure SLA complete and NPO's inducted. Funds disbursement and monitoring of expenditure; Delay in Payment of

MGDS PILLAR: A Green City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Job Creation & Economic Empowerment				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
				3 rd tranche, project extended to new financial year. Funds disbursement and monitoring of expenditure.
Number of Fulltime Equivalent (FTE) Jobs created	Contract with Department of Environmental Affairs	40	51	The project implementation has been extended to 22 December 2017; All 80 participants were trained on OHS and 8 supervisors were also trained on first aid. FTE was achieved in December 2017 and an addition extension was granted by DEA till 19 January 2018 for implementation to ensure all funds are spent; Project completed; No challenges to the project have been experienced. Continuous monitoring of implementation to ensure compliance.
% LEVEL ONE BBBEE expenditure on procurement of goods and services	36%	50%	42%	The major contributors to the non-achievement of this target relate to expenditure on contracts already awarded to service providers whose BBBEE status level are below level one. For future procurement the Agency will be targeting level one BBBEE contributors through exercising the 2017 PPPFA regulations which allow this.

APPENDIX J

DISCLOSURES OF FINANCIAL INTERESTS

Name of Councillor Naam van Raadslid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of Extent of Interest ar den Omvang van belang
ROY EDMUND ANGELBECK				
Thembinkosi Tevin APLEN				
ZOLANI BAKAWULI				
NOLUDWE BATALA				
SUSAN BENTLEY	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
MAKHAYA BOPI				
MFUNDO BOTA	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
ANASTASIA MELISA BOTH				
KUHLE CILIZA				
DHARMESH MANILAL DHAYA			GIBB HOLDINGS FNF ST BERNARDS HOSPICE	ORDINARY PRODUCTION NGO
VUYISILE ALFRED DIKO			TAXI BUSINESS	TRANSPORT
SIKIWE DLOVA				
BONGANI DYONASE				
KHOLIWE THELMA FAKU	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
TERENCE FLAVIAN FRITZ			DADDY TEE BUILDERS CC(WIFE)	CLOSE CORPORATION
NTOMBIZODWA GAMNCA				
MASHWABADA GCILISHE				
AYANDA GCOBO				
SINDISWA GRISELDA GOMBA				
GWEBILE LENNOX GOSANI				
WILLIAM DONNE GOULD			THE PAUL POTTS TRUST	TRUSTEE
VUYOLWETHU GQODI				
VAUGHAN ANDREW HOLMES			NVEST (STOCK MARKET SHARES) VAUGHAN HOLMES ATTORNEY	ORDINARY LEGAL
SABELO KABELO HOYO	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
ANATHI JAYIYA				
THEMBISA JULY				
PHINDIWE KABA	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
BOY – BOY KALANI	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
PETER LIXOLILE KIKI				
NCEBA WISEMAN KILIMANI	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
ZAMEKA KODWA-GAJULA				
MTHETHELELI CROSBY KOLELA				
MAWETHI KOSANI	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
NCEDO LITHALOMZI NYAMEKO KUMBACA				
THANDISWA IVY LUZIPHO	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
MARION MACKLEY				
MERCY NONCEBA MADIKANE				
ANATHI MAJEKE	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
YALEKA CYNTHIA MAKAPELA				

Name of Councillor Naam van Raads lid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of Extent of Interest ar den Omvang van belang
ZUKISWA YVONNE MANKAYI	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
SENDUKA MAPHUKA				
AYANDA MAPISA				
MAWETHU NICOLAS MARATA				
ZOLISWA PATIENT MATANA				
CHUMANI MATIWANE			NKONKOBÉ PTY LTD SAM AUTO SPARES	GENERAL AUTOSPARES
NOKILUNGA PORTIA MATIWANE	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
FRANCIS ZWELANDILE MDINWA	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
NTOMBIZANDILE MAUREEN MHLOLA				
PINDILE MIZA			EC INTERACT COOP EASTERN CAPE DOORS ISINGQI SPORTING	ORDINARY PREFERENCE PREFERENCE
AMANDA OLWETHU MNYUTE				
MKAKUTTA CLARA MOROLONG-YEKISO				
NOMONDE MOYIKWA				
VUYISWA ETHEL MPANZA				
SKUTTA ALFRED MTSI				
THOBILE LIBERMAN MTYA				
ZININZI MTYINGIZANE				
PUMLA NAZO-MAKATALA				
NTUNKULANA ELLIOT NCOTELA				
NTOMBOMZI LETTICIA NDOTYI				
HELEN ELIZABETH NEALE-MAY				
PUTUMILE ENOCH NELANI				
MLANDELI LEONARD NGABAYENA				
VUSUMZI NJECE				
MKHUSELI BRIAN NOMBWU				
GIDEON THOZAMILE NOREXE				
olwethu ntame			ABUSEKHO MULTI-PURPOSE	MULTI-PURPOSE
SIXOLISIWE NTSASELA				
NTOMBEXHAYA MURIEL NTSHEBE				
XOLA ANDERSON PAKATI				
NONTSIKELELO PRISCILLA PETER				
VUYANI PETER				
LINDSEY POLLOCK	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
LUKE MONWABISI QUSE				
ANNETTE RADEMEYER				
MZUKISI RODGERS RELU				

Name of Councillor Naam van Raads lid	Date of Notice to Company Datum van Kennisgewing van Maatskappy	Date of Minute Datum van Notulering	Particulars of Contract Besonderhede van Kontrak	Nature of Extent of Interest ar den Omvang van belang
RICHARD LOVEMORE KELVIN ROOY	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
LUHLE ROYI				
VELIWE VIVIENNE SAKUBE				
BONGIWE SAULI				
XOLANI SIMANDLA				
LULEKA ETHEL SIMON-NDZELE	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SINDISWA SKEPE				
SIYABONGA SKOLO				
CHRISTIAAN ANDRIES SWART	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
ISABEL THOMPSON				
BUYELWA THWALINGCA	NOTHING DECLARED		NOTHING DECLARED	NOTHING DECLARED
VUYO TOKWE				
ZANDISILE PHANTOM WELCOME TOKWE	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED	NOTHING DECLARED
SINDILE NIMROD TONI				
SIMPHIWE ELVIS TSALA			TSALA'S TAXI TSALANANG TARVEN	TRANSPORT LIQUOR
NOZIBELE EMILY TSHABE			ASPIDUS 362	CLOSE CORPORATION
VUSUMZI TUTU				
MZWANDILE VAAIBOOM				
DINESH VALLABH			SASOL	ORDINARY
DAVID PETER VIAENE				
ROSELINE VITBOOI				
GEOFFREY KEITH WALTON			ABSA	ORDINARY
MENDI WETSETSE				
XOLANI WITBOOI				
PUMLA PATRICIA YENANA-NONJIWU				
STANLEY PHAKAMILE			IKHAYA FUNERAL DIRECTORS	FUNERAL PARLOUR
ANDILE MAKINANA				
MVUZO MAKINANA				
VUMILE PETER BACELA				
KHULILE ERIC JONGILANGA				
ISAAC MICHAEL TOYISE				
ZWELIZOLILE WELCOME TOISE				
NTOMBOVUYO EVERGREEN MPULAMPULA				
NOLUDWE DAYILE				
MNYAMEZELI SICIKO				
NKOSINATHI MATHEWS PAKO				
KANSILE MKOKELI				
MPHUTHUMI GLADMAN BENTSHU				
MCACISI MACPHERSON MABONA				
NOMAXHOSA JONGILANGA				

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 A. Sihlahla			Nokuphumla Family Trust 29 Alamen Street	Trust Deed – no remuneration or income House ownership – no remuneration or income
Ms Noludwe Ncokazi			Sasol Inzalo shares Directorship of the following: -Lifa Investment Holdings -Tourism Investment Company -Automotive Industry Development Centre (AIDC) -Eastern Cape Information and Technology Initiative	32 shares for R12 000 -Savings Group – 9,1% -State owned- no remuneration or income -State owned- no remuneration or income -State owned- no remuneration or income
Ms Ncumisa Sidukwana	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Ms Nonceba Mbali Majeng			Pule Funeral Directors	Funeral Parlour owned by husband – no remuneration or income
Mr Bob Naidoo	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr Luyanda Mbula	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr V. Lwana	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE	NOTHING TO DECLARE
Mr N. Ncunyana			LRAPAB (Pty) Ltd	Property Consultancy business – no remuneration or income

APPENDIX K

REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i)

REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2016/2017	Current: 2017/2018		2017/2018 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Directorate - Executive Support Services	232	12 615	11 126	1 138	-1009%	-878%
Vote 2 - Directorate - Municipal Manager	20 332	27 996	32 785	30 698	9%	-7%
Vote 3 - Directorate - Human Settlement	290 857	276 769	254 862	215 250	-29%	-18%
Vote 4 - Directorate - Chief Financial Officer	1 965 213	2 407 345	2 280 858	2 067 925	-16%	-10%
Vote 5 - Directorate - Corporate Services	10 478	10 561	13 676	11 830	11%	-16%
Vote 6 - Directorate - Infrastructure Services	3 099 116	3 407 846	3 503 650	3 333 333	-2%	-5%
Vote 7 - Directorate - Spatial Planning & Development Planning	47 760	148 279	203 629	127 813	-16%	-59%
Vote 8 - Directorate - Health, Public Safety & Emergency Services	145 770	175 605	162 801	149 394	-18%	-9%
Vote 9 - Directorate - Municipal Services	333 671	490 150	432 500	459 935	-7%	6%
Vote 10 - Directorate - Economic Development & Agencies	33 460	38 170	35 670	31 215	-22%	-14%
Total Revenue by Vote	5 946 889	6 995 336	6 931 557	6 428 530	-9%	-8%
Expenditure by Vote						
Vote 1 - Directorate - Executive Support Services	203 560	242 356	239 199	235 594	3%	2%
Vote 2 - Directorate - Municipal Manager	89 362	154 644	176 588	176 395	-14%	0%
Vote 3 - Directorate - Human Settlement	171 503	136 025	124 837	105 092	23%	16%
Vote 4 - Directorate - Chief Financial Officer	544 411	558 213	478 414	606 692	-9%	-27%
Vote 5 - Directorate - Corporate Services	158 063	171 518	126 458	124 686	27%	1%
Vote 6 - Directorate - Infrastructure Services	3 008 544	3 497 257	3 331 796	3 346 487	4%	0%
Vote 7 - Directorate - Spatial Planning & Development Planning	281 373	274 152	293 106	293 108	-7%	0%
Vote 8 - Directorate - Health, Public Safety & Emergency Services	354 842	396 961	369 350	368 787	7%	0%
Vote 9 - Directorate - Municipal Services	705 733	674 962	726 526	726 043	-8%	0%
Vote 10 - Directorate - Economic Development & Agencies	70 226	92 052	86 560	80 109	13%	7%
Total Expenditure by Vote	5 587 617	6 198 140	5 952 833	6 062 994	2%	-2%
Surplus/ (Deficit) for the year	359 272	797 196	978 724	365 536	54%	63%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1

APPENDIX K (ii)

REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	858 852	1 225 285	1 121 175	972 680	-26%	-15%
Service Charges - electricity revenue	1 670 816	1 806 439	1 865 136	1 661 074	-9%	-12%
Service Charges - water revenue	452 690	479 127	511 438	436 642	-10%	-17%
Service Charges - sanitation revenue	233 728	365 998	293 156	304 733	-20%	4%
Service Charges - refuse revenue	211 459	336 766	266 917	249 497	-35%	-7%
Service Charges - other	24 849	23 566	0	26 246	10%	100%
Rentals of facilities and equipment	16 424	23 174	25 119	15 882	-46%	-58%
Interest earned - external investments	148 011	157 241	131 241	126 690	-24%	-4%
Interest earned - outstanding debtors	50 425	36 844	42 844	49 322	25%	13%
Fines	16 896	9 157	9 894	23 698	61%	58%
Licences and permits	14 225	17 556	16 254	14 250	-23%	-14%
Agency services	27 720	53 393	46 585	25 683	-108%	-81%
Transfers recognised - operational	1 304 827	1 368 106	1 379 116	1 356 550	-1%	-2%
Other revenue	227 682	297 380	245 621	219 529	-35%	-12%
Total Revenue (excluding capital transfers and contributions)	5 258 605	6 200 028	5 954 496	5 482 476	-13.09%	-8.61%
Expenditure By Type						
Employee related costs	1 627 383	1 748 500	1 839 121	1 838 345	5%	0%
Remuneration of councillors	55 482	63 248	60 229	60 373	-5%	0%
Debt impairment	203 883	317 788	174 928	310 385	-2%	44%
Depreciation & asset impairment	807 459	778 744	975 593	992 860	22%	2%
Finance charges	49 359	54 320	43 961	43 960	-24%	0%
Bulk purchases	1 558 514	1 578 167	1 555 304	1 552 488	-2%	0%
Contracted services	639 944	38 960	713 110	680 997	94%	-5%
Transfers and grants	43 173	305 537	53 304	39 331	-677%	-36%
Other expenditure	566 054	1 312 876	537 285	541 755	-142%	1%
Loss on disposal of PPE	36 365	0	0	2 499	100%	100%
Total Expenditure	5 587 617	6 198 140	5 952 833	6 062 994	-2%	2%
Surplus/(Deficit)	(329 012)	1 889	1 663	(580 518)	100%	100%
Transfers recognised - capital	669 780	795 307	977 061	930 588	15%	-5%
Contributions recognised - capital	0	0	0	3 394	0%	0%
Surplus/(Deficit) for the year after capital transfers and contributions	340 768	797 196	978 724	353 464	-126%	-177%
Taxation	638	0	0	(538)	0%	0%
Share of surplus/ (deficit) of associate	19 142	0	0	11 534	100%	100%
Surplus/(Deficit) for the year	359 272	797 196	978 724	365 536	-118%	-168%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4						T K.2

APPENDIX L

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: 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	1,300	1,300	1,300	0%	0%	• Establishment of a Budget and Treasury Office (BTO) with positions filled by appropriately qualified personnel.
Infrastructure Skills Development Grant	10,560	10,560	8,715	-21%	-21%	• 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.
Public Transport Network Grant	55,869	88,983	47,413	-18%	-88%	To provide funding for accelerated construction and improvement of public and non-motorised transport
Expanded Public Works Programme	4,952	4,952	4,952	0%	0%	• Expand job creation efforts in specific focus areas, where labour intensive delivery methods can be
Urban Settlement Development Grant	768,128	928,128	927,837	17%	0%	To improve urban land production to the benefit of poor households, reduce cost of urban land, enhance quality of life in informal settlements, subsidise costs of acquiring land & provide basic services for poor households.
Integrated National Electrification Programme Grant	25,000	19,800	19,799	-26%	0%	• Use INEP funds for the refurbishment of critical infrastructure, only upon submission of a project plan which must be approved by DoE. • Register electrification master plans for bulk infrastructure with INEP and abide by the advice or guidance of the Department of Energy (DoE) regarding the central planning and co-ordination for such bulk infrastructure. • Adhere to labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching, planting of poles, etc. • Minimum size of supply of 1.2 KVA, After Diversity Maximum Demand (ADMD), 20 Amp per household connection, in line with the Suite of Supply Policy.
Integrated City Development Grant	6,956	6,956	6,956	0%	0%	• To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments. • Municipalities have the authority to select preferred investments within their functional mandates, and within identified integration zones.
Electricity Demand Side Management Grant	–	5,000	5,000	100%	0%	
Neighbourhood Development Partnership Grant	10,000	–	–	0%	0%	
Other Specify:						
Total	882,765	1,065,679	1,021,971	14%	-15%	
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in						T L

APPENDIX M

CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i)

CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2016/2017	2017/2018			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/2019	2019/2020	2020/2021
Capital expenditure by Asset Class							
Infrastructure - Total	214 541	440 233	894 690	781 429	859 186	1 242 923	1 093 084
Infrastructure: Road transport - Total	110 353	155 087	289 802	306 885	253 935	391 451	567 416
Roads, Pavements & Bridges	110 353	138 274	267 112	284 418	244 869	372 327	533 626
Storm water	–	16 813	22 691	22 468	9 066	19 124	33 790
Infrastructure: Electricity - Total	26 582	48 500	134 000	100 319	138 070	200 920	106 600
Generation	–	–	–	–	–	–	–
Transmission & Reticulation	26 582	48 500	134 000	100 319	138 070	200 920	106 600
Street Lighting	–	–	–	–	–	–	–
Infrastructure: Water - Total	–	20 503	77 531	67 366	62 848	62 456	168 018
Dams & Reservoirs	–	–	–	–	–	–	–
Water purification	–	20 503	77 531	67 366	62 848	62 456	168 018
Reticulation	0	0	0	0	0	0	0
Infrastructure: Sanitation - Total	–	121 721	314 661	234 038	306 480	451 697	236 050
Reticulation	–	–	–	–	–	–	–
Sewerage purification	–	121 721	314 661	234 038	306 480	451 697	236 050
Infrastructure: Other - Total	77 606	94 422	78 696	72 821	97 852	136 400	15 000
Waste Management	2 157	65 822	41 584	43 118	59 852	100 400	–
Transportation	42 853	–	–	–	–	–	–
Other	32 596	28 600	37 112	29 703	38 000	36 000	15 000
Community - Total	21 360	145 017	8 845	2 042	35 650	35 900	22 800
Parks & gardens	451 289	0	0	0	0	0	0
Sportsfields & stadia	1 148 782	0	1 414 050	0	0	0	0
Swimming pools	0	0	0	0	0	0	0
Community halls	10 778 371	0	0	0	0	0	0
Libraries	0	0	0	0	0	0	0
Recreational facilities	0	0	5 550 000	0	0	0	0
Museums & Art Galleries	–	–	–	–	–	250	–
Cemeteries	8 982	–	–	–	500	750	–
Social rental housing	–	–	–	–	–	–	–
Other	–	145 017	1 881	2 042	35 150	34 900	22 800

Table continued next page

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	3,150	1,832	736	3,390	2,200	2,700
Buildings	0	0	0	0	0	0	0
Other	0	3,150,000	1,831,868	735,535	3,390,000	2,200,000	2,700,000
Investment properties - Total	184,941	-	250	-	-	-	-
Housing development	184,941,458	0	250,000	0	0	0	0
Other	0	0	0	0	0	0	0
Other assets	139,557	192,022	219,513	148,413	113,629	73,608	82,499
General vehicles	70,564,834	33,200,000	114,337,597	111,219,114	36,000,000	39,320,000	37,000,000
Specialised vehicles	0	0	0	0	0	0	0
Plant & equipment	3,337,042	86,212,811	46,185,925	12,018,928	20,015,000	13,840,000	22,880,000
Computers - hardware/equipment	53,545,625	23,699,000	5,224,000	3,025,793	30,745,500	7,577,900	17,441,532
Furniture and other office equipment	10,222,621	8,010,000	18,585,515	8,033,844	21,718,212	10,870,425	4,177,882
Abattoirs	0	0	0	0	0	0	0
Markets	0	0	0	0	0	0	0
Civic Land and Buildings	0	0	0	0	0	0	0
Other Buildings	0	0	0	0	0	0	0
Other Land	0	0	0	0	0	0	0
Surplus Assets - (Investment or Inventory)	0	0	0	0	0	0	0
Other	1,886,533	40,900,000	35,180,020	14,115,295	5,150,000	2,000,000	1,000,000
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	31	31,657	18,283	9,577	49,579	56,500	1,500
Computers - software & programming	30,832	31,657,307	18,283,225	9,576,915	49,578,850	56,500,000	1,500,000
Other (list sub-class)	0	0	0	0	0	0	0
Total Capital Expenditure on new assets	560,430	812,079	1,143,414	860,040	1,061,434	1,411,131	1,202,584
Specialised vehicles	-	-	-	-	-	-	-
Refuse	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

APPENDIX M (ii)

CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2016/2017	2017/2018			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/2019	2019/2020	2020/2021
Capital expenditure by Asset Class							
Infrastructure - Total	214 541	440 233	894 690	781 429	859 186	1 242 923	1 093 084
Infrastructure: Road transport - Total	110 353	155 087	289 802	306 885	253 935	391 451	567 416
Roads, Pavements & Bridges	110 353	138 274	267 112	284 418	244 869	372 327	533 626
Storm water	–	16 813	22 691	22 468	9 066	19 124	33 790
Infrastructure: Electricity - Total	26 582	48 500	134 000	100 319	138 070	200 920	106 600
Generation	–	–	–	–	–	–	–
Transmission & Reticulation	26 582	48 500	134 000	100 319	138 070	200 920	106 600
Street Lighting	–	–	–	–	–	–	–
Infrastructure: Water - Total	–	20 503	77 531	67 366	62 848	62 456	168 018
Dams & Reservoirs	–	–	–	–	–	–	–
Water purification	–	20 503	77 531	67 366	62 848	62 456	168 018
Reticulation	0	0	0	0	0	0	0
Infrastructure: Sanitation - Total	–	121 721	314 661	234 038	306 480	451 697	236 050
Reticulation	–	–	–	–	–	–	–
Sewerage purification	–	121 721	314 661	234 038	306 480	451 697	236 050
Infrastructure: Other - Total	77 606	94 422	78 696	72 821	97 852	136 400	15 000
Waste Management	2 157	65 822	41 584	43 118	59 852	100 400	–
Transportation	42 853	–	–	–	–	–	–
Other	32 596	28 600	37 112	29 703	38 000	36 000	15 000
Community - Total	21 360	145 017	8 845	2 042	35 650	35 900	22 800
Parks & gardens	451 289	0	0	0	0	0	0
Sportsfields & stadia	1 148 782	0	1 414 050	0	0	0	0
Swimming pools	0	0	0	0	0	0	0
Community halls	10 778 371	0	0	0	0	0	0
Libraries	0	0	0	0	0	0	0
Recreational facilities	0	0	5 550 000	0	0	0	0
Museums & Art Galleries	–	–	–	–	–	250	–
Cemeteries	8 982	–	–	–	500	750	–
Social rental housing	–	–	–	–	–	–	–
Other	–	145 017	1 881	2 042	35 150	34 900	22 800
Table continued next page							

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Capital Expenditure - New Assets Programme*							
R '000							
Description	2016/2017	2017/2018			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2018/2019	2019/2020	2020/2021
Capital expenditure by Asset Class							
Heritage assets - Total	-	3 150	1 832	736	3 390	2 200	2 700
Buildings	-	-	-	-	-	-	-
Other	-	3 150	1 832	736	3 390	2 200	2 700
Investment properties - Total	184 941	-	-	-	-	-	-
Housing development	184 941	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Other assets	139 587	192 022	219 513	148 413	113 629	73 608	82 499
General vehicles	66 040	33 200	114 338	111 219	36 000	39 320	37 000
Specialised vehicles	4 525	-	-	-	-	-	-
Plant & equipment	3 337	86 213	46 186	12 019	20 015	13 840	22 880
Computers - hardware/equipment	53 546	23 699	5 224	3 026	30 746	7 578	17 442
Furniture and other office equipment	10 223	8 010	18 586	8 034	21 718	10 870	4 178
Civic Land and Buildings	1 887	-	-	-	-	-	-
Other	31	40 900	35 180	14 115	5 150	2 000	1 000
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	-	31 657	18 283	9 577	49 579	56 500	1 500
Computers - software & programming	-	31 657	18 283	9 577	49 579	56 500	1 500
Other (list sub-class)	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	560 430	812 079	1 143 163	942 196	1 061 434	1 411 131	1 202 584
Specialised vehicles	-	-	-	-	-	-	-
Refuse	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0
Conservancy	0	0	0	0	0	0	0
Ambulances	0	0	0	0	0	0	0
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							
T M.1							

APPENDIX N

CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj)	Variance (Act - OB)
				%	%
DIRECTORATE OF EXECUTIVE SUPPORT SERVICES					
Office Furniture and Equipment (Directorate)	500	500	412	-21%	-21%
Office Furniture and Equipment (Councillors)	2 500	3 000	562	0%	0%
Office Furniture and Equipment (Speakers)	0	1 000	0	0%	0%
Office Furniture and Equipment (City Hall) c/o	0	1 300	1 221	-6%	100%
Park Homes for Councillors c/o	0	1 200	0	0%	0%
Upgrading of Swedish Projects c/o	0	229	229	0%	100%
TOTAL: EXECUTIVE SUPPORT SERVICES	3 000	7 229	2 425	-198%	-24%
MUNICIPAL MANAGERS 'OFFICE					
Office Furniture and Equipment (Directorate)	500	500	211	-137%	-137%
Office Furniture- EPMO	-	89	89	0%	100%
Office renovations - Legal service	-	3 200	-	0%	0%
Office Furniture - ICT Centres	750	750	527	-42%	-42%
Fibre Network	5 000	17 964	4 312	-317%	-16%
Fibre Network c/o	-	4 465	17 312	74%	100%
LTE Infrastructure	12 000	12 000	9 904	-21%	-21%
Disaster Recovery Enhancement	3 000	3 000	833	-260%	-260%
Disaster Recovery Infrastructure c/o	-	12 144	12 119	0%	100%
Procurement of ICT Equipment (R250,000 for Building Maintenance)	1 250	1 297	1 278	-1%	2%
TOTAL: MUNICIPAL MANAGERS 'OFFICE	22 500	55 409	46 585	-19%	52%

Capital Programme by Project: 2017/2018					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DIRECTORATE OF FINANCIAL SERVICES					
Office Furniture and Equipment (Directorate)	500	500	328	-52%	-52%
Smart Metering Solution	63 720	51 520	16	-327011%	-404471%
Fully Integrated Asset Management System	15 000	8 500	2 338	-264%	-541%
Acquire ERP System	5 000	5 000	-	0%	0%
Computers (Interns)	100	-	-	0%	0%
Construction of Office Accommodation for Customer Care Office - Mdantsane	2 000	4 000	5	-77399%	-38650%
Indigent Management System	1 500	1 500	3	-46993%	-46993%
TOTAL : FINANCIAL SERVICES	87 820	71 020	2 691	-2539%	-3164%
DIRECTORATE OF CORPORATE SERVICES					
Office Furniture and Equipment (Directorate)	500	500	341	-47%	-47%
Office Furniture and Equipment (Directorate) c/o	-	157	3930	0%	0%
Electronic Attendance Control System	1 500	1 500	915	-64%	-64%
Employee Performance Management System	4 000	-	-	0%	0%
Employee Performance Management System c/o	0	1 271	-	0%	0%
Extension to Employee Wellness c/o	0	184	154	-19%	100%
TOTAL : CORPORATE SERVICES	6 000	3 613	1 414	-155%	-324%

Capital Programme by Project: 2017/2018					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DIRECTORATE OF INFRASTRUCTURE SERVICES					
Office Furniture and Equipment (Directorate)	500	637	628	-1%	20%
Eastern Beach Gravity Sewer Upgrade - Blind River to City Pumpstation	33 881	23 744	18 745		
Bulk Sanitation Provision - Programme					
Reeston Bulk Sewer	35 000	49 100	49 100	0%	29%
Ablution Facilities	3 000	3 212	3 212	0%	7%
Mdantsane Sanitation	15 000	5 504	5 504	0%	-173%
Hood Point Marine Outfall Sewer and Ancillary Works	10 000	11 151	11 151	0%	10%
Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW	77 818	141 603	141 603	0%	45%
Reticulation	20 000	19 000	10 941	-74%	-83%
Reticulation	-	6 553	6 551	0%	100%
Wastewater Treatment Works	15 000	25 000	23 517	-6%	36%
Pump Stations	5 000	4 000	3 045	0%	0%
East London Sewer Diversion : Central WWTW To Reeston WWTW : Phase 2 : Tunnel and Civil Works	69 000	-	-	0%	0%
Sewerage	284 198	289 503	273 996	-6%	-4%
Bulk Water Provision - Programme					
West Bank Restitution - Water					
Water Reservoirs	15 000	20 741	20 741	0%	28%
Water Demand Management - Water Conservation - PRV Station	1 000	1 138	1 138	0%	12%
Feasibilities for Alternative Water Supply - Bulk Mains	1 000	829	829	0%	-21%
Water Backlogs	14 000	19 075	19 075	0%	27%
KWT and Bisho Infrastructure(Water)- Inland Bulk Water Provision	8 500	7 949	7 949	0%	-7%
Amahleke Water Supply	6 250	9 269	9 269	0%	33%
Upgrade Water Networks in terms of Densification and Augmentation	9 250	9 453	9 453	0%	2%
Pipe and Water Meter Replacement Programme in East London	15 000	15 648	14 153	-11%	-6%
Pipe and Water Meter Replacement Programme in Mdantsane Areas	15 000	16 000	14 594	-10%	-3%
Pipe and Water Meter Replacement Programme in Bisho,KWT and Dimbaza Areas	10 000	10 000	9 588	-4%	-4%
Umzonyana Dam Upgrade	30 000	33 338	33 338	0%	10%
Kei Road TW	5 000	4 720	4 720	0%	-6%
Upgrading of Laboratory Infrastructure	-	1 119	-	0%	0%
Water	130 000	149 278	144 846	-3%	10%

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj)	Variance (Act - OB)
				%	%
DIRECTORATE OF SPATIAL PLANNING & DEVELOPMENT					
Office Furniture and Equipment (Directorate)	500	1 804	772	-134%	35%
Sleeper Site/Civic Centre	10 000	3 575	3 575	0%	-180%
Sleeper Site(City to Sea)	3 000	3 000	-	0%	0%
Integrated Transport Plan Implementation Programme					
Qumza Highway Phase 7 - Phase 1	46 000	45 999	8 845	0%	0%
Mdantsane Access Road	2 167	-	-	0%	0%
Upgrading of Qumza Highway C/O	-	30 289	31 787	5%	100%
Transport Register C/O	-	2 826	1 328	-113%	100%
Integrated Transport Plan Implementation Programme					
Taxi/Bus Embayments	300	293	293	0%	-2%
Taxi Rank Infrastructure (Roads & Ablution Facilities)	300	207	207	0%	-45%
Bridge Designs & Implementation	2 250	-	-	0%	0%
Traffic Engineering Safety Measures					
Sidewalks	4 000	-	-	0%	0%
Traffic Calming	1 200	4 067	4 067	0%	70%
Traffic Signals	800	1 476	1 476	0%	0%
Guardrails	300	-	-	0%	0%
Guidance Signage	200	-	-	0%	0%
King Williams Town Public Transport Facilities					
Market Square Taxi Rank	12 000	11 200	5 502	0%	0%
Market Square Bus Rank	8 000	8 000	7 419	-8%	-8%
Taxi City Taxi Rank	20 000	20 000	18 508	-8%	-8%
Needs Camp Potsdam Bridge	35 000	41 523	41 523	0%	16%
Kwa Tshatshu Pedestrian Bridge	1 000	1 097	1 097	0%	9%
Mdantsane Urban Renewal - Mount Ruth Node	-	9 036	-	0%	0%
Upgrading of Lifts for BCMM Buildings	4 500	4 500	1 012	0%	0%
SCM Inventory Warehousing and Fencing	10 000	6 500	3 353	-94%	-198%
New Parking Areas (pathways, parking and fencing)	5 000	4 360	4 092	-7%	-22%
New Disabled facilities	1 000	1 000	504	-99%	-99%
New Fencing and Security Access for Garcia Flats	400	400	320	-25%	-25%
New Fencing and security access for Gonubie Municipal Old Age Home, Sunny mead	500	383	383	0%	-31%
New Offices, Extensions to Ablutions and Workshops at Chislehurst BMS Depot	3 000	300	61	-391%	-4816%
Major refurbishment of Municipal Buildings in various areas	10 000	8 718	5 484	-59%	-82%
Munifin Refurbishment and Other Buildings	1 800	1 698	1 494	-14%	-21%
Upgrading of Electrical	3 200	757	-	0%	0%
New Building Maintenance Planning and Management Programme - Software	200	200	-	0%	0%
Land Acquisition	15 000	9 000	2 766	-225%	-442%
Cannopies Munifin Planning Engineering	-	200	199	-1%	100%
King Williams Town Payments Hall	4 000	4 000	1 302	-207%	-207%
Survey Equipment and Software Packages	-	1 500	115	-1202%	100%
Digital Terrain Model (DTM)	-	1 000	282	-255%	100%
Feasibility Study for Munifin & Engineering building	-	400	145	-176%	100%
Aerial and Oblique Photography	4 104	-	-	0%	0%
TOTAL : SPATIAL PLANNING & DEVELOPMENT	209 721	229 309	147 910	-55%	-42%

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj)	Variance (Act - OB)
				%	%
DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES					
Enabling Infrastructure Programme - LED - Market					
Upgrading of Cold Rooms at Fresh Produce Market	600	439	439	0%	-37%
Construction of Cashier Cubicles at Market	1 350	–	–	0%	0%
Energy Efficiency (SOLAR Pannels & Wind Turbines for the Market)	2 300	–	–	0%	0%
Construction of Pallet Zones in the Market	1 500	2 808	2 808	0%	47%
Upgrading of Market Hall	1 750	4 605	4 605	0%	62%
Masterplan Development for the Fresh Produce Market	2 500	–	–	0%	0%
Upgrading of Cold Rooms at Fresh Produce Market c/o	–	2 000	1 821	-10%	100%
Construction of Cashier Cubicles at Market c/o	–	1 851	1 524	-21%	100%
CCTV Camera Installation c/o	–	936	340	-175%	100%
Enabling Infrastructure Programme - LED - KWT Incubation & Rural Fencing (Trade and Industry)					
Hydroponics and Packhouse	600	600	434	-38%	-38%
Enabling Infrastructure Programme - LED (Replacing of Existing Assets)					
Informal trade (Hawker Stalls : East London CBD, Mdantsane- Cecilia Makiwane & Zwelitsha and etc)	6 000	5 000	–	0%	0%
Enabling Infrastructure Programme - LED (Replacing of Existing Assets)	–	4 026	3 540	-14%	100%
SMME Incubator	4 000	3 179	1 592	-100%	-151%
Art, Culture and Heritage Sites Upgrading					
Build a Tombstone for Chief Tshatshu	60	160	35	-360%	-72%
Upgrade of Rubusane Grave in Braelyn	50	100	26	-285%	-92%
Fencing of German Settler Monument in KWT	300	300	188	-60%	-60%
Restoration work on Dimbaza Children's Grave	200	600	175	-243%	-14%
Extension of Mdantsane Art Centre	1 500	–	–	0%	0%
Upgrade of Rharhabe Royal Family Graves	300	300	262	-15%	-15%
Restoration of Ann Bryant Art Gallery and Coach House	1 590	740	697	-6%	-128%
Art, Culture and Heritage Sites Upgrading c/o	–	932	4	-24625%	100%
Tourism Infrastructure Programme - Counterfunding					
Upgrading of access road to Community Lodge	1 500	5 000	2 385	-110%	37%
Installation of the Water Infrastructure	1 000	–	–	0%	0%
Installation of Sanitation Infrastructure	1 000	–	–	0%	0%
Installation of the Three Phase Electricity	2 500	–	–	0%	0%
Fencing of the Site	1 500	–	–	0%	0%
Site Landscaping	1 500	1 500	–	0%	0%
Installation Kiddies Play Park Facilities	1 000	1 000	–	0%	0%
Tourism Infrastructure Programme - Counterfunding c/o	–	6 873	6 713	-2%	100%
Tourism Hub	5 000	5 000	4 305	-16%	-16%
Revitalisation of Industrial Area (Dimbaza, Westbank, Wilsonia & Zwelitsha)	3 000	3 000	2 609	-15%	-15%
Office Furniture and Equipment (Directorate)	500	500	375	-33%	-33%
TOTAL : ECONOMIC DEVELOPMENT & AGENCIES	43 100	51 450	34 876	-48%	-24%

Capital Programme by Project: 2017/2018					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DIRECTORATE OF HEALTH, PUBLIC SAFETY & EMERGENCY SERVICES					
Office Furniture and Equipment (Directorate)	500	1 440	497	-190%	-1%
Office Furniture and Equipment (Directorate) c/o	0	66	39	-71%	100%
Offices: Emergency Services c/o	0	86	85	-2%	100%
Closed Circuit Television Network - CCTV	3 500	3 500	-	0%	0%
Closed Circuit Television Network - CCTV c/o	-	7 874	2 545	0%	0%
Traffic and Law Enforcement Equipment	600	600	286	0%	0%
Traffic and Law Enforcement Equipment c/o	-	1 352	757	-79%	100%
Fire Arms: Emergency Offices c/o	-	37	-	0%	0%
Construction of New KWT Traffic Centre	10 900	12 283	12 283	0%	11%
Air Monitoring Station	800	800	261	-207%	-207%
Radio Network	800	640	-	0%	0%
Vehicle Pound c/o	-	211	196	-8%	100%
Early Warning Systems	800	695	-	0%	0%
Fire Equipment	1 000	1 175	755	0%	0%
Fire Equipment c/o	-	482	-	0%	0%
Vehicle Test Station Equipment	1 000	1 000	724	0%	0%
Vehicle Test Station Equipment c/o	-	-	-	0%	0%
Fire Engine	9 000	9 000	1 696	-431%	-431%
Refurbishment and Rehabilitation of Fire Infrastructure	1 200	1 200	987	-22%	-22%
Disaster Management: Event Safety Equipment	105	105	-	0%	0%
Disaster Management: Event Safety Equipment c/o	-	82	80	-2%	100%
TOTAL : HEALTH, PUBLIC SAFETY & EMERGENCY SERVICES	30 205	42 628	21 192	-101%	-43%

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj)	Variance (Act - OB)
				%	%
DIRECTORATE OF MUNICIPAL SERVICES					
Office Furniture and Equipment (Directorate)	1 000	1 000	671	-49%	-49%
Office Furniture and Equipment (Libraries) c/o		136	127	-7%	100%
Neighbourhood Development Partnership	10 000	–	–	0%	0%
Development and Upgrading of Cemeteries (Inland, Midland and Coastal) - Replacing Existing Assets					
Inland Cemeteries	3 500	3 500	1 283	-173%	-173%
Midlands Cemeteries	3 000	3 000	2 792	-7%	-7%
Coastal Cemeteries	3 500	3 500	3 118	-12%	-12%
Establishment and Upgrading of Depots (Inland, Midlands and Coastal)	3 000	3 000	2 620	-15%	-15%
Grass Cutting Equipment	500	500	395	-27%	-27%
Fencing of Community Parks	500	500	321	-56%	-56%
Upgrade and Develop Community Parks	5 000	5 000	3 675	-36%	-36%
Book Alarm System	–	150	0	0%	0%
Refurbishment of Public Seating Nahoon Point	–	200	–	0%	0%
Storeroom Nahoon Point Nature Reserve	–	300	–	0%	0%
Signage Nahoon Point & Est Nature Reserve	0	144	–	0%	0%
Extension of Existing Side Walk Nahoon Point	0	156	–	0%	0%
Upgrading Filtration System Aquarium	–	400	0	0%	0%
Upgrade and Refurbish Existing Community Halls and Facilities and Nompumelelo Hall	10 000	10 000	3 448	-190%	-190%
Upgrading and Development of BCMM Sportfields and Swimming Pools - Replacing Existing Assets					
Dimbaza Wall	1 674	1 674	1 358	-23%	-23%
Refurbishment of Admin Block at Zwelitsha	396	396	396	0%	0%
Refurbishment of Ticket Office at Sisa Dukashe	7 500	7 500	4 794	-56%	-56%
Painting media room, VOC and wall around the pitch at Sisa Dukashe	400	400	394	-2%	-2%
Refurbishment of Media Room and VOC at Sisa Dukashe	30	30	29	-4%	-4%
Upgrading and Development of BCMM Sportfields and Swimming Pools - Replacing Existing Assets c/o	–	682	598	-14%	100%
Swimming Pools - Office, Plant and Equipment	6 300	6 300	4 887	-29%	-29%
Upgrading of Waterworld c/o	–	62	26	-133%	100%
Floodlights (Victoria Grounds, Jan Smuts Stadium, Ginsberg Sportsfields, Gampo Stadium, Amalinda Stadium, Foster Stadium, Selborne Tennis Park, Bunkers Hill Sportsfields)	1 266	1 266	1 042	-21%	-21%
Scenery Park: Drainage Playing Area	200	200	144	-39%	-39%
Kwalini Sport Grounds: Earthworks Playing Area	200	200	193	-4%	-4%
Nompumelelo: Earthworks Playing Area	200	200	182	-10%	-10%
Pefferville: Fencing	664	664	30	-2143%	-2143%
Schoeman: Upgrading of changeroom and drainage of synthetic playing area	900	900	396	-127%	-127%
Parkside: Upgrading of changerooms	700	700	641	-9%	-9%
North End Stadium Rehabilitation of Synthetic Playing surface	200	200	192	-4%	-4%
Sisa Dukashe: Evacuation Routes at open stands to be reviewed, Create Disabled areas Identify area to establish permanent visual operational centre, Add a VIP area to the main grandstand and review media box location, Construct concrete spectator stands on the grass embankments, All spectators seating to be numbered, Rehabilitation of the reinforced concrete structure, concrete delamination and spallin	500	500	85	-486%	-486%
Foster Rugby fields Resurfacing of playing area	936	936	894	-5%	-5%

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj)	Variance (Act - OB)
				%	%
Orlando Stadium: Construction of the ablutions Refurbishment of boundary wall and gates, Caretaker cottage, Installation of floodlights, Rehabilitation of playing surface					
Construction of the ablution facilities	750	750	125	-501%	-501%
Upgrading of Main grand stand at Sisa Dukashe Stadium	750	750	85	-779%	-779%
Rehabilitation of playing surface	750	750	714	-5%	-5%
Installation of MeshWire fence around soccer field	500	500	38	-1231%	-1231%
Upgrading of Coastal Nature Reserves	1 400	1 027	638	-61%	-119%
Plant and Equipment for Nature Reserves	850	850	144	-489%	-489%
Plant and Equipment for Nature Reserves c/o	-	278	191	-46%	100%
Upgrading of Beaches Facilities	1 500	1 500	709	-112%	-112%
Upgrading of Ubuhlanti & Little Maurituis	2 000	2 000	786	-154%	-154%
Upgrading and Development of Building Facilities (Staff Facilities, Public Ablutions, Life Guards Facilities, storages, braai stands) Replacing Existing Assets and Development of Master Plan	1 500	1 500	988	-52%	-52%
Plant and Equipment for the Beaches					
Bonza Bay	500	500	539	7%	7%
Gonubie	750	481	206	-133%	-264%
Nahoon	250	250	20	-1134%	-1134%
Upgrading of Zoo Facilities	2 325	2 325	1 104	-111%	-111%
Upgrading of Zoo Facilities c/o	-	807	391	-106%	100%
Development of Master Plan, Planning, Design and Project Management Construction of Board Walk (Gonubie Beach and Ablution, Staff Facilities under boardwalk, Gonubie Ocean Way, Nahoon)	1 500	756	756	0%	-98%
Upgrading of Resorts					
Demolishing and construction of office at Gonubie Resort	5 000	2 000	5	-43208%	-108171%
Demolishing and Construction of Dining Hall and Security guard house at Gonubie Caravan Park	2 000	2 000	2	-98065%	-98065%
Upgrading of Resorts c/o	-	529	81	-553%	100%
Tools and Equipment (Zoo)	20	20	19	-4%	-4%
Relocation of Aquarium	3 927	4	4	0%	-90275%
Refurbishment of Swimming Pools	2 850	2 259	1 946	-16%	-46%
Refurbishment of Swimming Pools c/o	-	143	-	0%	0%
Supply and Install Security System - ALL BCMM Swimming Pools Precincts	800	-	-	0%	0%

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	R' 000	
				Variance (Act - Adj)	Variance (Act - OB)
				%	%
Development of Master Plan, rehabilitating of electrical, mechanical, plumbing engineering plant and equipmnet of swimming pools					
Master Plan	750	50	–	0%	0%
Filtration System	1 000	1 000	853	-17%	-17%
Electric control systems	500	–	–	0%	0%
Ticket offices	200	200	–	0%	0%
Entrance	200	200	–	0%	0%
Ablution facilities	350	1 050	76	-1284%	-361%
10x Portable seating at Nompumelelo	143	143	130	-10%	-10%
Install Doors and Buglar Bars at Parside	30	30	29	-4%	-4%
Combination goal posts at Perfeville	38	38	29	-29%	-29%
Burglar gates and Windows at N.U.1	39	39	29	-34%	-34%
Burglar gates and windows at Jan Smuts	45	45	–	0%	0%
Delivery and Commissioning of one Raptor Ride on Mower	94	94	50	-90%	-90%
Commissioining of Players seating, Players tunnel, goal post at Sisa Dukashe	73	73	73	-1%	-1%
Commissioning of combination posts at West Bank	38	38	37	0%	0%
Orlando stadium: Installing of electrical irrigation, soccer goalpost, corner flags, line marker etc., portable stands, construction of the ablutions	3 640	3 640	3 200	-14%	-14%
Sisa Dukashe: flail mower, Ride On Mower	400	365	170	-115%	-135%
Waste Management Facilities Programme	4 660	35	35	0%	-13195%
Construction and Rehabilitation of Waste Cells - Roundhill Berlin	2 626	31 520	31 520	0%	92%
Construction and Rehabilitation of Waste Cells	40 000	14 989	14 817	-1%	-170%
Transfer Stations	18 535	–	–	0%	0%
TOTAL : MUNICIPAL SERVICES	165 349	129 825	95 273	-36%	-74%
Waterworld	25 000	–	–	0%	0%
Asset Replacements - Insurance	10 000	8 272	8 272	0%	-21%
TOTAL CAPITAL PROGRAMME	1 646 166	1 771 575	1 426 514	-24%	-15%
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APPENDIX O

CAPITAL PROJECTS BY PROGRAMME

		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
West Bank Restitution - Water	31,46	No
Water Demand Management - Water Conservation - PRV Station	1-50	No
Feasibilities for Alternative Water Supply - Bulk Mains	1-50	No
Water Backlogs	26,31,32,33,36,37,38,40,50	No
KWT and Bisho Infrastructure(Water)- Inland Bulk Water Provision	34,37,38,39,40,41,43,44,49,35	No
Amahleke Water Supply	36,43	No
Upgrade Water Networks in terms of Densification and Augmentation	1-50	No
Pipe and Water Meter Replacement Programme in East London	1-10,15,16,18,27,28,29,31,32,33,46,47,50	No
Pipe and Water Meter Replacement Programme in Mdantsane Areas	11,12,13,14,42,48,50,17,20,23	No
Pipe and Water Meter Replacement Programme in Bisho,KWT and Dimbaza Areas	34,37,38,39,40,41,43,44,49,35	No
Kei Road TW	34,37,38,39,40,41,43,44,49,35	No
Upgrading of Laboratory Infrastructure	1-50	No
Sanitation/Sewerage		
Eastern Beach Gravity Sewer Upgrade - Blind River to City Pumpstation	1,2,3,5,6,10,13,16,18,19,27,28,31,32,33,47	No
Bulk Sanitation Provision - Programme		
Reeston Bulk Sewer	13	No
Ablution Facilities	1,2,6,7,9,10,16,28,29	No
Mdantsane Sanitation	16,18	No
Hood Point Marine Outfall Sewer and Ancillary Works	30	No
Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW	25,35,37,41,44	No
Bulk Sanitation Provision - Replacing Existing Infrastructure		
Reticulation	1-50	No
Wastewater Treatment Works	1-50	No
Pump Stations	1-50	No
Electricity		
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	27, 28, 4, 18, 1, 16, 47, 3, 19, 29, 36, 17, 24, 13	No
Bulk Electricity Infrastructure Upgrade - Replacing Existing Infrastructure	19, 46, 6, 47, 9, 4, 28, 16, 18, 47, 44, 11	No
INEP Electrification Programme	10, 12 & 17	No
INEP Electrification Programme c/o		No
Electrification of Informal Dwelling Areas within BCMM	10, 12 & 17	No
Street Lighting and Highmasts within BCMM Areas of Supply	6, 24, 37	No
Tools and Equipment		No
Building Alterations - Beacon Bay Civic Centre and Operations Depot in EL/KWT		No
BUFFER STRIP MDANTSANE ELECTRIFIC ED389		No
REPLACMNT EXIST STREETLIGHTS-LED LIGHTS		No
Housing		
Office Furniture and Equipment (Directorate)	Institutional	No
Office Furniture and Equipment (Directorate) c/o	Institutional	No
Dimbaza Technical assessment	Institutional	No
Sunny South	Institutional	No
Potsdam Ikhwezi Block 1	24	No
Potsdam North Kanana	24	No
Ilitha North 177 Units	45	No
Mdantsane Zone 18 CC Phase 2	23	No
Amalinda Co- Op	16	No
Cluster 1 (Masibambane; Masibulele; Velwano; Ilinge and Dacawa)	17,12,14	No
Cluster 2 (Chris Hani 3; Winnie Mandela; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Vill	30,11,48,21,17	No
Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	5, 8 &10	No
Tyutyu Phase 3	43	No
Breidbach	46	No
Westbank Restitution	46	No

R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
West Bank Restitution - Water	31,46	No
Water Demand Management - Water Conservation - PRV Station	1-50	No
Feasibilities for Alternative Water Supply - Bulk Mains	1-50	No
Water Backlogs	26,31,32,33,36,37,38,40,50	No
KWT and Bisho Infrastructure(Water)- Inland Bulk Water Provision	34,37,38,39,40,41,43,44,49,35	No
Amahleke Water Supply	36,43	No
Upgrade Water Networks in terms of Densification and Augmentation	1-50	No
Pipe and Water Meter Replacement Programme in East London	1-10,15,16,18,27,28,29,31,32,33,46,47,50	No
Pipe and Water Meter Replacement Programme in Mdantsane Areas	11,12,13,14,42,48,50,17,20,23	No
Pipe and Water Meter Replacement Programme in Bisho,KWT and Dimbaza Areas	34,37,38,39,40,41,43,44,49,35	No
Kei Road TW	34,37,38,39,40,41,43,44,49,35	No
Upgrading of Laboratory Infrastructure	1-50	No
Sanitation/Sewerage		
Eastern Beach Gravity Sewer Upgrade - Blind River to City Pumpstation	1,2,3,5,6,10,13,16,18,19,27,28,31,32,33,47	No
Bulk Sanitation Provision - Programme		
Reeston Bulk Sewer	13	No
Ablution Facilities	1,2,6,7,9,10,16,28,29	No
Mdantsane Sanitation	16,18	No
Hood Point Marine Outfall Sewer and Ancillary Works	30	No
Bisho, KWT and Zwelitsha Bulk Regional Sewerage Scheme - Phase 2 Zwelitsha WWTW	25,35,37,41,44	No
Bulk Sanitation Provision - Replacing Existing Infrastructure		
Reticulation	1-50	No
Wastewater Treatment Works	1-50	No
Pump Stations	1-50	No
Electricity		
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	27, 28, 4, 18, 1, 16, 47, 3, 19, 29, 36, 17, 24, 13	No
Bulk Electricity Infrastructure Upgrade - Replacing Existing Infrastructure	19, 46, 6, 47, 9, 4, 28, 16, 18, 47, 44, 11	No
INEP Electrification Programme	10, 12 & 17	No
INEP Electrification Programme c/o		No
Electrification of Informal Dwelling Areas within BCMM	10, 12 & 17	No
Street Lighting and Highmasts within BCMM Areas of Supply	6, 24, 37	No
Tools and Equipment		No
Building Alterations - Beacon Bay Civic Centre and Operations Depot in EL/KWT		No
BUFFER STRIP MDANTSANE ELECTRIFIC ED389		No
REPLACMNT EXIST STREETLIGHTS-LED LIGHTS		No
Housing		
Office Furniture and Equipment (Directorate)	Institutional	No
Office Furniture and Equipment (Directorate) c/o	Institutional	No
Dimbaza Technical assessment	Institutional	No
Sunny South	Institutional	No
Potsdam Ikhwezi Block 1	24	No
Potsdam North Kanana	24	No
Ilitha North 177 Units	45	No
Mdantsane Zone 18 CC Phase 2	23	No
Amalinda Co- Op	16	No
Cluster 1 (Masibambane; Masibulele; Velwano; Ilinge and Dacawa)	17,12,14	No
Cluster 2 (Chris Hani 3; Winnie Mandela; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Vill)	30,11,48,21,17	No
Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	5, 8 & 10	No
Tyutyu Phase 3	43	No
Breidbach	46	No
Westbank Restitution	46	No

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Refuse removal			
Waste Management Facilities Programme	12, 42, 14, 11, 20, 48, 30, 21, 23, 24	No	
Construction and Rehabilitation of Waste Cells - Roundhill Berlin	37 Wesbank	No	
Construction and Rehabilitation of Waste Cells	45 (Berlin)	No	
Office Furniture and Equipment (Directorate)	1-50	No	
Office Furniture and Equipment (Libraries) c/o	1-50	No	
Stormwater			
Economic development			
Sports, Arts & Culture			
Upgrading and Development of BCMM Sportfields and Swimming Pools - Replacing Existing Assets	14 and 41		
Ruth Belonsky Swimming Pool - (Plant & Equipment)			
King Williams Town Swimming Pool - (Plant & Equipment)	37		
Zwelitsha Swimming Pools - (Plant & Equipment)	41		
John Harrison Swimming Pools - (Plant & Equipment)	15		
Water World Swimming Pool - (Plant & Equipment)	46		
Orient Swimming Pools - (Plant & Equipment)	47		
Redevelopment of Mdantsane Sport Precinct NU2 Swimming Pool	11		
Upgrading of Waterworld c/o			
Floodlights (Victoria Grounds, Jan Smuts Stadium, Ginsberg Sportsfields, Gampo Stadium, Amalinda	37,3,39,2,16,		
Scenery Park: Drainage Playing Area	5		
Kwalini Sport Grounds: Earthworks Playing Area	39		
Nompumelelo: Earthworks Playing Area	4		
Pefferville: Fencing	1		
Schoeman: Upgrading of changeroom and drainage of synthetic playing area	3		
Sisa Dukashe: Evacuation Routes at open stands to be reviewed, Create Disabled areas Identify area	14		
Foster Rugby fields Resurfacing of playing area	14		
Orlando Stadium: Construction of the ablutions Refurbishment of boundary wall and gates, Caretaker	14	No	
Upgrading of Beaches Facilities	Institutional	No	
Upgrading of Ubuhlanti & Little Maurituis	47	No	
Upgrading and Development of Building Facilities (Staff Facilities, Public Ablutions, Life Guards Facili	47	No	
Plant and Equipment for the Beaches	28, 29, 18	No	
Upgrading of Zoo Facilities	Institutional	No	
Development of Master Plan, Plannig, Design and Project Manage Construction of Board Walk (Gonu	1 - 50	No	
Upgrading of Resorts	1 - 50	No	
Refurbishment of Swimming Pools			
Ruth Belonsky Swimming Pool	6	No	
King Williams Town Swimming Pool	35 & 37	No	
Zwelitsha Swimming Pools	41	No	
John Harrison Swimming Pools	4	No	
Water World Swimming Pool	31	No	
Refurbishment of Swimming Pools c/o	6, 35, 37, 41, 4, 31	No	
Development of Master Plan, rehabilitating of electrical, mechanical, plumbing engineering plant and	4, 6, 36, 41, 46, 47	No	
10x Portable seating at Nompumelelo	29	No	
Install Doors and Buglar Bars at Parside	19	No	
Combination goal posts at Perferville	1	No	
Burglar gates and Windows at N.U.1	12	No	
Burglar gates and windows at Jan Smuts	3	No	
Delivery and Commissioning of one Raptor Ride on Mower	Institutional	No	
Commissioning of Players seating, Players tunnel, goal post at Sisa Dukashe	14	No	
Commissioning of combination posts at West Bank	46	No	
Orlando stadium: Installing of electrical irrigation, soccer goalpost, corner flags, line marker etc., portat	14	No	
Sisa Dukashe: flail mower, Ride On Mower	14	No	
Refurbishment of Public Seating Nahoon Point	Institutional	No	
Storeroom Nahoon Point Nature Reserve	Institutional	No	
Signage Nahoon Point & Est Nature Reserve	Institutional	No	
Extention of Exiting Side Walk Nahoon Point	Institutional	No	
Upgrading Filtration System Aquarium	Institutional	No	

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Environment			
Upgrading of Coastal Nature Reserves	Institutional	No	
Plant and Equipment for Nature Reserves	Institutional	Yes	
Establishment and Upgrading of Depots (Inland, Midlands and Coastal)			
Zwelisha Blockyard Depot	41	No	
NU 6 Mdantsane Depot	20	No	
KWT Botanic Gardens Depot	37	No	
Gompo Depot	8	No	
Meadow Rd Deopt	Institutional	No	
Gonubie Depot	27	No	
Grass Cutting Equipment	1-50	No	
Fencing of Community Parks - East District	Institutional	Yes	
Fencing of Community Parks - East District	Institutional	Yes	
Fencing of Community Parks - North District	Institutional	Yes	
Fencing of Community Parks - South District	Institutional	Yes	
Fencing of Community Parks - West District	Institutional	Yes	
Fencing of Community Parks - Nompumelelo	Institutional	Yes	
Upgrade and Development of Community Parks - Inland	Institutional	Yes	
Upgrade and Develop Community Parks - Midland	Institutional	Yes	
Upgrade and Develop Community Parks - South District	Institutional	Yes	
Upgrade and Develop Community Parks - West District	Institutional	Yes	
Upgrade and Develop Community Parks - Nompumelelo	Institutional	Yes	
Development and Upgrading of Cemeteries (Inland, Midland and Coastal) - Replaving Existing Assets			
Inland Cemeteries (Bhisho)	43	Yes	
Inland Cemeteries (Phakamisa)	25	Yes	
Inland Cemeteries (Zwelisha)	41	Yes	
Inland Cemeteries (KWT / Clubview)	35	Yes	
Midlands Cemeteries (Mtsotso Cemetery)	20	Yes	
Midlands Cemeteries (Fort Jackson)	21	Yes	
Midlands Cemeteries (Macleantown)	26	Yes	
Coastal Cemeteries (Cambridge Crematorium) 2	9	Yes	
Coastal Cemeteries (East Cemetery)	10	Yes	
Coastal Cemeteries (Buffalo Flats)	19	Yes	
Coastal Cemeteries (Cambridge Crematorium)	9	Yes	
Health			
Air Monitoring Station	1-50	No	
Safety and Security			
Office Furniture and Equipment (Directorate)	1-50		
Office Furniture and Equipment (Directorate) c/o	1-50		
Offices: Emergency Services c/o	1-50		
Closed Circuit Television Network - CCTV	47,35,37		
Closed Circuit Television Network - CCTV c/o	1-50		
Traffic and Law Enforcement Equipment	1-50		
Traffic and Law Enforcement Equipment c/o	1-50		
Fire Arms: Emergency Offices c/o	1-50		
Construction of New KWT Traffic Centre	35,36,37,39,43,44,49		
Radio Network	1 - 50		
Vehicle Pound c/o	1 - 50		
Early Warning Systems	1 - 50		
Fire Equipment	1 - 50		
Fire Equipment c/o	1 - 50		
Vehicle Test Station Equipment	1 - 50		
Vehicle Test Station Equipment c/o	1 - 50		
Fire Engine	1 - 50		
Refurbishment and Rehabilitation of Fire Infrastructure	1 - 50		
Disaster Management: Event Safety Equipment	1 - 50		
Disaster Management: Event Safety Equipment c/o			
Economic Development			
Enabling Infrastructure Programme - LED - Market	1 - 50		
Enabling Infrastructure Programme - LED - KWT Incubation & Rural Fencing (Trade and Industry)	1 - 50		
Enabling Infrastructure Programme - LED (Replacing of Existing Assets)	41,14 and 3		
SMME Incubator	1 - 50		

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Art, Culture and Heritage Sites Upgrading			
Build a Tombstone for Chief Tshatshu	44		
Upgrade of Rubusane Grave in Braelyn	3		
Fencing of German Settler Monument in KWT	35 and 37		
Restoration work on Dimbaza Children's Grave	34		
Extension of Mdantsane Art Centre	1 - 50		
Upgrade of Rharhabe Royal Family Graves	1 - 50		
Restoration of Ann Bryant Art Gallery and Coach House	1 - 50		
Art, Culture and Heritage Sites Upgrading c/o	1 - 50		
Tourism Infrastructure Programme - Counterfunding	Institutional		
Revitalisation of Industrial Area (Dimbaza, Westbank, Wilsonia & Zwelitsha)	34,41 and 46		
Office Furniture and Equipment (Directorate)	Institutional		
Spacial Planning & Development			
Office Furniture and Equipment (Directorate)	Institutional		
Sleeper Site/Civic Centre	5		
Sleeper Site(City to Sea)	5		
Qumza Highway Phase 7 - Phase 1	20,21,30	No	
Upgrading of Qumza Highway C/O	20,21,30		
Transport Register C/O	20,21,30		
Integrated Transport Plan Implementation Programme	All Wards		
Traffic Engineering Safety Measures			
King Williams Town Public Transport Facilities	35		
Needs Camp Potsdam Bridge	35		
Kwa Tshatshu Pedestrian Bridge	44		
Mdantsane Urban Renewal - Mount Ruth Node			
Upgrading of Lifts for BCMM Buildings	Institutional		
SCM Inventory Warehousing and Fencing	Institutional		
Sunnymead Old Age Home - New Parking, Pathways and Access Roads,	Institutional		
KWT Old Age Home - New Parking	37		
Bisho Civic Centre - New Rear Parking Area and Pathways	43		
Zone 11 New Disable Facilities (access, path and ramps)	14		
Zone 14 New Disable Facilities (access, path and ramps)	11		
Zone 16 New Disable Facilities (access, path and ramps)	11		
Zone 2 New Disable Facilities (access, path and ramps)	20		
Zone 4 New Disable Facilities (access, path and ramps)	Institutional		
Zone 5 New Disable Facilities (access, path and ramps)	Institutional		
Zone 6 New Disable Facilities (access, path and ramps)	Institutional		
Zone 7 New Disable Facilities (access, path and ramps)	Institutional		
New Fencing and Security Access for Garcia Flats	4		
New Fencing and security access for Gonubie Municipal Old Age Home, Sunny mead	29		
New Offices, Extensions to Ablutions and Workshops at Chislehurst BMS Depot	4		
Major refurbishment of Municipal Buildings in various areas			
Refurbishment of Alice Street Town Houses KWT	Institutional		
Refurbishment of Orient complex	Institutional		
City Engineering Building - Refurbishment, Spalling and Painting	Institutional		
Old Mutual - Upgrading of all Windows	Institutional		
City Engineering Building - Toilets upgrading	Institutional		
Re-roofing Gonubie Main Administration Building	Institutional		
East London Mechanical Workshops Refurbishment	Institutional		
Old Mutual - Upgrading of Shops	Institutional		
New Air-conditioner (Replacement - Shoprite Caxton Street)	Institutional		
New Air-conditioning Plant - City Engineering Building (One Plant doing away with smaller units)	Institutional		
Upgrading of Electrical - Old Mutual	Institutional		
Upgrading of Electrical - Fire Department EL	Institutional		
Upgrading of Electrical -King Williams Town Civic Centre	Institutional		
Upgrading of Electrical -Bisho Civic Centre	Institutional		
New Air-Conditioning Plant - Munifin (One Plant doing away with smaller units)	Institutional		
New Building Maintenance Planning and Management Programme - Software	Institutional		
Land Acquisition	Institutional		
Cannopies Munifin Planning Engineering	Institutional		
King Williams Town Payments Hall	35 & 37		
Survey Equipment and Software Packages	Institutional		
Digital Terrain Model (DTM)	Institutional		
Feasibility Study for Munifin & Engineering building	Institutional		
Fleet			
BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles (R3Mill for Build	Institutional	Yes	
BCMM FLEET C/O	Institutional	Yes	

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Roads			
Fleet Street	47	No	
Pavement Management System	Institutional	Yes	
Rural Roads	17, 24, 25, 26, 31, 32, 33, 34, 35, 38, 40, 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, 50	No	
Upgrading of Mdantsane Roads - Cluster 3	21, 22, 23 & 24	No	
KWT Roads	37, 39	No	
Rehabilitation of BCMM Bridges and Stormwater	Institutional	No	
Roads Provision - Replacing Existing Infrastructure	1, 3, 4, 5, 8, 9, 10, 13, 16, 25, 26, 28, 29, 34, 36, 40	No	
Procurement of Graders for Rural Roads - Yellow Fleet	Institutional	No	
Integrated City Development Grant	Institutional	No	
ICT and Other			
Office Furniture - ICT Centres	Institutional	Yes	
Fibre Network	Institutional		
Fibre Network c/o			
LTE Infrastructure	Institutional		
Disaster Recovery Enhancement	Institutional		
Disaster Recovery Infrastructure c/o			
Procurement of ICT Equipment (R250,000 for Building Maintenance)	Institutional		
Executive Support Services			
Office Furniture and Equipment (Directorate)	Institutional	Yes	
Office Furniture and Equipment (Councillors)	Institutional	Yes	
Office Furniture and Equipment (Speakers)	Institutional	Yes	
Office Furniture and Equipment (City Hall) c/o	Institutional	Yes	
Park Homes for Councillors c/o	Institutional	Yes	
Upgrading of Swedish Projects c/o	Institutional	Yes	
MUNICIPAL MANAGER'S OFFICE			
Office Furniture and Equipment (Directorate)	Institutional		
Office Furniture- EPMO	Institutional		
Office renovations - Legal service	Institutional		
FINANCIAL SERVICES			
Office Furniture and Equipment (Directorate)	Institutional	Yes	
Smart Metering Solution	Institutional	Yes	
Fully Integrated Asset Management System	Institutional	Yes	
Acquire ERP System	Institutional	Yes	
Construction of Office Accommodation for Customer Care Office - Mdantsane	Institutional	Yes	
Indigent Management System	Institutional	Yes	
CORPORATE SERVICES			
Office Furniture and Equipment (Directorate)	Institutional	Yes	
Office Furniture and Equipment (Directorate) c/o	Institutional	Yes	
Electronic Attendance Control System	Institutional	Yes	
Employee Performance Management System	Institutional	Yes	
Employee Performance Management System c/o	Institutional	Yes	
Extension to Employee Wellness c/o	Institutional	Yes	
			TO

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Refuse removal			
Waste Management Facilities Programme	12, 42, 14, 11, 20, 48, 30, 21, 23, 24	No	
Construction and Rehabilitation of Waste Cells - Roundhill Berlin	37 Wesbank	No	
Construction and Rehabilitation of Waste Cells	45 (Berlin)	No	
Office Furniture and Equipment (Directorate)	1-50	No	
Office Furniture and Equipment (Libraries) c/o	1-50	No	
Stormwater			
Economic development			
Sports, Arts & Culture			
Upgrading and Development of BCMM Sportfields and Swimming Pools - Replacing Existing Assets	14 and 41		
Ruth Belonsky Swimming Pool - (Plant & Equipment)			
King Williams Town Swimming Pool - (Plant & Equipment)	37		
Zwelitsha Swimming Pools - (Plant & Equipment)	41		
John Harrison Swimming Pools - (Plant & Equipment)	15		
Water World Swimming Pool - (Plant & Equipment)	46		
Orient Swimming Pools - (Plant & Equipment)	47		
Redevelopment of Mdantsane Sport Precinct NU2 Swimming Pool	11		
Upgrading of Waterworld c/o			
Floodlights (Victoria Grounds, Jan Smuts Stadium, Ginsberg Sportsfields, Gampo Stadium, Amalinda	37, 3, 39, 2, 16,		
Scenery Park: Drainage Playing Area	5		
Kwalini Sport Grounds: Earthworks Playing Area	39		
Nompumelelo: Earthworks Playing Area	4		
Pefferville: Fencing	1		
Schoeman: Upgrading of changeroom and drainage of synthetic playing area	3		
Sisa Dukashe: Evacuation Routes at open stands to be reviewed, Create Disabled areas Identify area	14		
Foster Rugby fields Resurfacing of playing area	14		
Orlando Stadium: Construction of the ablutions Refurbishment of boundary wall and gates, Caretaker	14	No	
Upgrading of Beaches Facilities	Institutional	No	
Upgrading of Ubuhlanti & Little Maurituis	47	No	
Upgrading and Development of Building Facilities (Staff Facilities, Public Ablutions, Life Guards Facili	47	No	
Plant and Equipment for the Beaches	28, 29, 18	No	
Upgrading of Zoo Facilities	Institutional	No	
Development of Master Plan, Plannig, Design and Project Manage Construction of Board Walk (Gonu	1 - 50	No	
Upgrading of Resorts	1 - 50	No	
Refurbishment of Swimming Pools			
Ruth Belonsky Swimming Pool	6	No	
King Williams Town Swimming Pool	35 & 37	No	
Zwelitsha Swimming Pools	41	No	
John Harrison Swimming Pools	4	No	
Water World Swimming Pool	31	No	
Refurbishment of Swimming Pools c/o	6, 35, 37, 41, 4, 31	No	
Development of Master Plan, rehabilitating of electrical, mechanical, plumbing engineering plant and	4, 6, 36, 41, 46, 47	No	
10x Portable seating at Nompumelelo	29	No	
Install Doors and Buglar Bars at Parside	19	No	
Combination goal posts at Perfeville	1	No	
Burglar gates and Windows at N.U.1	12	No	
Burglar gates and windows at Jan Smuts	3	No	
Delivery and Commissioning of one Raptor Ride on Mower	Institutional	No	
Commissioning of Players seating, Players tunnel, goal post at Sisa Dukashe	14	No	
Commissioning of combination posts at West Bank	46	No	
Orlando stadium: Installing of electrical irrigation, soccer goalpost, corner flags, line marker etc., portat	14	No	
Sisa Dukashe: flail mower, Ride On Mower	14	No	
Refurbishment of Public Seating Nahoon Point	Institutional	No	
Storeroom Nahoon Point Nature Reserve	Institutional	No	
Signage Nahoon Point & Est Nature Reserve	Institutional	No	
Extention of Exiting Side Walk Nahoon Point	Institutional	No	
Upgrading Filtration System Aquarium	Institutional	No	

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Environment			
Upgrading of Coastal Nature Reserves	Institutional	No	
Plant and Equipment for Nature Reserves	Institutional	Yes	
Establishment and Upgrading of Depots (Inland, Midlands and Coastal)			
Zwelitsha Blockyard Depot	41	No	
NU 6 Mdantsane Depot	20	No	
KWT Botanic Gardens Depot	37	No	
Gompo Depot	8	No	
Meadow Rd Deopt	Institutional	No	
Gonubie Depot	27	No	
Grass Cutting Equipment	1-50	No	
Fencing of Community Parks - East District	Institutional	Yes	
Fencing of Community Parks - East District	Institutional	Yes	
Fencing of Community Parks - North District	Institutional	Yes	
Fencing of Community Parks - South District	Institutional	Yes	
Fencing of Community Parks - West District	Institutional	Yes	
Fencing of Community Parks - Nompumelelo	Institutional	Yes	
Upgrade and Development of Community Parks - Inland	Institutional	Yes	
Upgrade and Develop Community Parks - Midland	Institutional	Yes	
Upgrade and Develop Community Parks - South District	Institutional	Yes	
Upgrade and Develop Community Parks - West District	Institutional	Yes	
Upgrade and Develop Community Parks - Nompumelelo	Institutional	Yes	
Development and Upgrading of Cemeteries (Inland, Midland and Coastal) - Replacing Existing Assets			
Inland Cemeteries (Bhisho)	43	Yes	
Inland Cemeteries (Phakamisa)	25	Yes	
Inland Cemeteries (Zwelitsha)	41	Yes	
Inland Cemeteries (KWT / Clubview)	35	Yes	
Midlands Cemeteries (Mtsotso Cemetery)	20	Yes	
Midlands Cemeteries (Fort Jackson)	21	Yes	
Midlands Cemeteries (Maclean town)	26	Yes	
Coastal Cemeteries (Cambridge Crematorium) 2	9	Yes	
Coastal Cemeteries (East Cemetery)	10	Yes	
Coastal Cemeteries (Buffalo Flats)	19	Yes	
Coastal Cemeteries (Cambridge Crematorium)	9	Yes	
Health			
Air Monitoring Station	1-50	No	
Safety and Security			
Office Furniture and Equipment (Directorate)	1-50		
Office Furniture and Equipment (Directorate) c/o	1-50		
Offices: Emergency Services c/o	1-50		
Closed Circuit Television Network - CCTV	47,35,37		
Closed Circuit Television Network - CCTV c/o	1-50		
Traffic and Law Enforcement Equipment	1-50		
Traffic and Law Enforcement Equipment c/o	1-50		
Fire Arms: Emergency Offices c/o	1-50		
Construction of New KWT Traffic Centre	35,36,37,39,43,44,49		
Radio Network	1 - 50		
Vehicle Pound c/o	1 - 50		
Early Warning Systems	1 - 50		
Fire Equipment	1 - 50		
Fire Equipment c/o	1 - 50		
Vehicle Test Station Equipment	1 - 50		
Vehicle Test Station Equipment c/o	1 - 50		
Fire Engine	1 - 50		
Refurbishment and Rehabilitation of Fire Infrastructure	1 - 50		
Disaster Management: Event Safety Equipment	1 - 50		
Disaster Management: Event Safety Equipment c/o			
Economic Development			
Enabling Infrastructure Programme - LED - Market	1 - 50		
Enabling Infrastructure Programme - LED - KWT Incubation & Rural Fencing (Trade and Industry)	1 - 50		
Enabling Infrastructure Programme - LED (Replacing of Existing Assets)	41,14 and 3		
SMME Incubator	1 - 50		

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Art, Culture and Heritage Sites Upgrading			
Build a Tombstone for Chief Tshatshu	44		
Upgrade of Rubusane Grave in Braelyn	3		
Fencing of German Settler Monument in KWT	35 and 37		
Restoration work on Dimbaza Children's Grave	34		
Extension of Mdantsane Art Centre	1 - 50		
Upgrade of Rharhabe Royal Family Graves	1 - 50		
Restoration of Ann Bryant Art Gallery and Coach House	1 - 50		
Art, Culture and Heritage Sites Upgrading c/o	1 - 50		
Tourism Infrastructure Programme - Counterfunding	Institutional		
Revitalisation of Industrial Area (Dimbaza, Westbank, Wilsonia & Zwelitsha)	34, 41 and 46		
Office Furniture and Equipment (Directorate)	Institutional		
Spacial Planning & Development			
Office Furniture and Equipment (Directorate)	Institutional		
Sleeper Site/Civic Centre	5		
Sleeper Site(City to Sea)	5		
Qumza Highway Phase 7 - Phase 1	20,21,30	No	
Upgrading of Qumza Highway C/O	20,21,30		
Transport Register C/O	20,21,30		
Integrated Transport Plan Implementation Programme	All Wards		
Traffic Engineering Safety Measures			
King Williams Town Public Transport Facilities	35		
Needs Camp Potsdam Bridge	35		
Kwa Tshatshu Pedestrian Bridge	44		
Mdantsane Urban Renewal - Mount Ruth Node			
Upgrading of Lifts for BCMM Buildings	Institutional		
SCM Inventory Warehousing and Fencing	Institutional		
Sunnymead Old Age Home - New Parking, Pathways and Access Roads,	Institutional		
KWT Old Age Home - New Parking	37		
Bisho Civic Centre - New Rear Parking Area and Pathways	43		
Zone 11 New Disable Facilities (access, path and ramps)	14		
Zone 14 New Disable Facilities (access, path and ramps)	11		
Zone 16 New Disable Facilities (access, path and ramps)	11		
Zone 2 New Disable Facilities (access, path and ramps)	20		
Zone 4 New Disable Facilities (access, path and ramps)	Institutional		
Zone 5 New Disable Facilities (access, path and ramps)	Institutional		
Zone 6 New Disable Facilities (access, path and ramps)	Institutional		
Zone 7 New Disable Facilities (access, path and ramps)	Institutional		
New Fencing and Security Access for Garcia Flats	4		
New Fencing and security access for Gonubie Municipal Old Age Home, Sunny mead	29		
New Offices, Extensions to Ablutions and Workshops at Chislehurst BMS Depot	4		
Major refurbishment of Municipal Buildings in various areas			
Refurbishment of Alice Street Town Houses KWT	Institutional		
Refurbishment of Orient complex	Institutional		
City Engineering Building - Refurbishment, Spalling and Painting	Institutional		
Old Mutual - Upgrading of all Windows	Institutional		
City Engineering Building - Toilets upgrading	Institutional		
Re-roofing Gonubie Main Administration Building	Institutional		
East London Mechanical Workshops Refurbishment	Institutional		
Old Mutual - Upgrading of Shops	Institutional		
New Air-conditioner (Replacement - Shoprite Caxton Street)	Institutional		
New Air-conditioning Plant - City Engineering Building (One Plant doing away with smaller units)	Institutional		
Upgrading of Electrical - Old Mutual	Institutional		
Upgrading of Electrical - Fire Department EL	Institutional		
Upgrading of Electrical -King Williams Town Civic Centre	Institutional		
Upgrading of Electrical -Bisho Civic Centre	Institutional		
New Air-Conditioning Plant - Munifin (One Plant doing away with smaller units)	Institutional		
New Building Maintenance Planning and Management Programme - Software	Institutional		
Land Acquisition	Institutional		
Cannopies Munifin Planning Engineering	Institutional		
King Williams Town Payments Hall	35 & 37		
Survey Equipment and Software Packages	Institutional		
Digital Terrain Model (DTM)	Institutional		
Feasibility Study for Munifin & Engineering building	Institutional		
Fleet			
BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles (R3Mill for Build	Institutional	Yes	
BCMM FLEET C/O	Institutional	Yes	

Capital Programme by Project by Ward: 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Roads			
Fleet Street	47	No	
Pavement Management System	Institutional	Yes	
Rural Roads	17, 24, 25, 26, 31, 32, 33, 34, 35, 38, 40, 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, 50	No	
Upgrading of Mdantsane Roads - Cluster 3	21, 22, 23 & 24	No	
KWT Roads	37, 39	No	
Rehabilitation of BCMM Bridges and Stormwater	Institutional	No	
Roads Provision - Replacing Existing Infrastructure	1, 3, 4, 5, 8, 9, 10, 13, 16, 25, 26, 28, 29, 34, 36, 40	No	
Procurement of Graders for Rural Roads - Yellow Fleet	Institutional	No	
Integrated City Development Grant	Institutional	No	
ICT and Other			
Office Furniture - ICT Centres	Institutional	Yes	
Fibre Network	Institutional		
Fibre Network c/o			
LTE Infrastructure	Institutional		
Disaster Recovery Enhancement	Institutional		
Disaster Recovery Infrastructure c/o			
Procurement of ICT Equipment (R250,000 for Building Maintenance)	Institutional		
Executive Support Services			
Office Furniture and Equipment (Directorate)	Institutional	Yes	
Office Furniture and Equipment (Councillors)	Institutional	Yes	
Office Furniture and Equipment (Speakers)	Institutional	Yes	
Office Furniture and Equipment (City Hall) c/o	Institutional	Yes	
Park Homes for Councillors c/o	Institutional	Yes	
Upgrading of Swedish Projects c/o	Institutional	Yes	
MUNICIPAL MANAGER'S OFFICE			
Office Furniture and Equipment (Directorate)	Institutional		
Office Furniture- EPMO	Institutional		
Office renovations - Legal service	Institutional		
FINANCIAL SERVICES			
Office Furniture and Equipment (Directorate)	Institutional	Yes	
Smart Metering Solution	Institutional	Yes	
Fully Integrated Asset Management System	Institutional	Yes	
Acquire ERP System	Institutional	Yes	
Construction of Office Accommodation for Customer Care Office - Mdantsane	Institutional	Yes	
Indigent Management System	Institutional	Yes	
CORPORATE SERVICES			
Office Furniture and Equipment (Directorate)	Institutional	Yes	
Office Furniture and Equipment (Directorate) c/o	Institutional	Yes	
Electronic Attendance Control System	Institutional	Yes	
Employee Performance Management System	Institutional	Yes	
Employee Performance Management System c/o	Institutional	Yes	
Extension to Employee Wellness c/o	Institutional	Yes	
			TO



APPENDIX P

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable for BCMM

APPENDIX Q

SERVICE BACKLOGS EXPERIENCED BY COMMUNITIES WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Not applicable for BCMM

APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

BCMM did not take loans during the year under review, however the Metro is currently serving ID debt quarterly with two financial institutions, namely Rand Merchant Bank and the Development Bank of Southern Africa.



APPENDIX S

NATIONAL AND PROVINCIAL OUTCOME FOR PROVINCIAL GOVERNMENT

Buffalo City Metropolitan Municipality has made an effort to ensure horizontal alignment with provincial and national plans when developing the long-term Metro Growth and Development Strategy and the Integrated Development Plan. Alignment can be demonstrated as follows:

BCMM Strategic Objectives	12 Outcomes	Provincial Development Plan (EC Vision 2030)	National Development Plan	Sustainable Development Goals	National 10 Point Plan
An Innovative and Productive City	<ul style="list-style-type: none"> Decent employment through inclusive economic growth. A skilled and capable workforce to support inclusive growth. An efficient, competitive and responsive economic infrastructure network. 	<ul style="list-style-type: none"> A growing, inclusive and equitable economy. Vibrant and equitably enabled communities. 	<ul style="list-style-type: none"> Unemployment rate should fall from 27% in 2011 to 14% by 2020 and to 6% by 2030. Total employment should rise from 13 million to 24 million. 	<ul style="list-style-type: none"> Ensure access to affordable, reliable, sustainable economic growth, full and productive employment and decent work for all. 	<ul style="list-style-type: none"> Unlocking the potential of SMMEs, cooperatives, township and rural enterprises. Operation Phakisa aimed growing the ocean economy and other sectors. Encouraging private sector investment.
A Green City	<ul style="list-style-type: none"> Protection and enhancement of environmental assets and natural resources. 	<ul style="list-style-type: none"> A growing, inclusive and equitable economy. 	<ul style="list-style-type: none"> Achieve the peak, plateau and decline trajectory for greenhouse gas emissions, with the peak being achieved around 2025. By 2030, an economy-wide carbon price should be entrenched. 	<ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts. 	<ul style="list-style-type: none"> Resolving the energy challenge. Revitalizing agriculture and the agro-processing value chain.
A Well-Governed City	<ul style="list-style-type: none"> Improve the quality of basic education. 	<ul style="list-style-type: none"> An educated, empowered, and innovative citizenry. 	<ul style="list-style-type: none"> All children should have at least two years of pre-school education. This implies about 2 million places. About 80% of schools and learners achieve 50% and above in literacy, mathematics and science in grades 3, 6, 9. At least 80% of students should complete 12 years of schooling. 	<ul style="list-style-type: none"> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 	<ul style="list-style-type: none"> N/A

BCMM Strategic Objectives	12 Outcomes	Provincial Development Plan (EC Vision 2030)	National Development Plan	Sustainable Development Goals	National 10 Point Plan
A Well-Governed City	<ul style="list-style-type: none"> A development-orientated public service and inclusive citizenship. 	<ul style="list-style-type: none"> An educated, empowered and innovative citizenry. 	<ul style="list-style-type: none"> A capable and effective state, able to enhance economic opportunities, support the development of capabilities and intervene to ensure a rising floor of social rights for the poor. 	<ul style="list-style-type: none"> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 	<ul style="list-style-type: none"> Moderating workplace conflict.
A Spatially-Integrated City	<ul style="list-style-type: none"> Improve health and life expectancy. 	A healthy population.	<ul style="list-style-type: none"> By 2030, life expectancy should reach at least 70 for both men and women Infant mortality rate should decline from 43 to 20 per 1000 live births and the under-five mortality rate should be less than 30 per 1000, from 104 today. 	<ul style="list-style-type: none"> Ensure healthy lives and promote well-being for all at all ages 	<ul style="list-style-type: none"> N/A
A Spatially-Integrated City	<ul style="list-style-type: none"> Sustainable human settlements and improved quality of household life. 	<ul style="list-style-type: none"> Vibrant and equitably enabled communities (Universal access to social infrastructure). 	<ul style="list-style-type: none"> The proportion of people with access to electricity should rise from 70% in 2010 to 95% by 2030, with no grid options available for the rest. Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry. 	<ul style="list-style-type: none"> Ensure availability and sustainable management of water and sanitation for all. 	<ul style="list-style-type: none"> State reform and boosting the role of state owned companies, ICT infrastructure or broadband roll out, water, sanitation and transport infrastructure.

BUFFALO CITY METROPOLITAN MUNICIPALITY
MAKING SERVICE DELIVERY FASHIONABLE. A CITY HARD AT WORK

VOLUME II **ANNUAL** **FINANCIAL** **STATEMENTS**

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VOLUME II:

ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



BUFFALO CITY METROPOLITAN MUNICIPALITY
AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

I am responsible for the preparation of these Annual Financial Statements which are set out herewith, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Metropolitan Municipality.

I certify that the salaries, allowances and benefits of Councillors are disclosed within these Annual Financial Statements and are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (20 of 1998) and the Minister for Corporate Governance and Traditional Affairs determination in accordance with this Act except where identified as irregular expenditure in the Annual Financial Statements.

Mr. A. Sihlahla
City Manager

Date

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

General Information

Legal form of Municipality	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, Bisho, King William's Town, Berlin as well as the townships of Mdantsane, Gomo, Zwelitsha, Dimbaza, Phakamisa, Ndevana, Ilitha, Ginsberg and the surrounding rural areas.
Grading of local authority	Grade 6 Municipality
City Manager	Mr. A. Sihlahla
Acting Chief Financial Officer	Mr. S. Peter
Business address	Trust Centre Oxford Street East London 5201
Postal address	PO Box 134 East London 5200
Bankers	Absa Bank
Auditors	Auditor General of South Africa
Members of Audit Committee	Ms. R. Shaw (Chairperson) - appointment 03 July 2017 Ms. Y. Roboji (Member) - appointment 03 July 2017 Mr. P. Ntuli (Member) - appointment 03 July 2017 Mr. S. Sokutu (Member) - appointment 03 July 2017 Ms. P. Mzizi (Member) - appointment 03 July 2017 Mr. T. Zororo (Member) - appointment 03 July 2017
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)

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

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The statements and notes set out below comprise the audited consolidated annual financial statements :

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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Position as at June 30, 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	11	42,789,558	38,569,512
Receivables from exchange transactions	12	101,763	183,206
Receivables from non-exchange transactions	13	736,998,960	709,595,821
VAT receivable	14	127,982,442	101,174,024
Receivables from exchange transactions	15	508,985,451	456,365,082
Cash and cash equivalents	16	1,825,496,589	1,690,101,970
		3,242,354,763	2,995,989,615
Non-Current Assets			
Investment property	3	427,562,994	396,275,856
Property, plant and equipment	4	18,190,726,208	15,705,107,177
Intangible assets	5	18,884,486	7,073,147
Heritage assets	6	49,779,875	49,779,875
Investments in associates	7	121,008,277	109,473,955
Deferred tax	8	602,051	63,798
		18,808,563,891	16,267,773,808
Total Assets		22,050,918,654	19,263,763,423
Liabilities			
Current Liabilities			
Borrowings	19	52,572,023	47,641,565
Current tax payable	49	702,236	702,236
Operating lease liability	9	-	3,562
Payables from exchange transactions	24	1,028,166,798	765,287,548
Consumer deposits	25	60,012,613	57,321,210
Post - retirement medical obligations	10	21,631,043	20,347,264
Unspent conditional grants and receipts	18	284,254,510	252,319,421
Provisions	20	201,756,224	166,377,115
		1,649,095,447	1,309,999,921
Non-Current Liabilities			
Borrowings	19	345,554,088	398,126,111
Post - retirement medical obligations	10	516,343,584	506,950,957
Provisions	20	10,459,392	10,114,962
		872,357,064	915,192,030
Total Liabilities		2,521,452,511	2,225,191,951
Net Assets		19,529,466,143	17,038,571,472
Reserves:			
Revaluation reserve	17	9,050,457,617	6,925,099,056
Accumulated surplus		10,479,008,520	10,113,472,416
Total Net Assets		19,529,466,137	17,038,571,472

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	27	2,678,192,210	2,593,541,588
Rental of facilities and equipment	28	15,882,120	16,424,005
Fees earned - BCMDA		123,740	202,224
Other revenue - (exchange)	29	150,849,529	137,672,114
Interest received	30	176,012,022	198,436,891
Total revenue from exchange transactions		3,021,059,621	2,946,276,822
Revenue from non-exchange transactions			
Property rates	31	972,679,954	858,852,363
Licences and Permits (non-exchange)		14,249,685	14,225,199
Government grants & subsidies	33	1,819,159,969	1,564,576,623
Other revenue - (non-exchange)	34	57,512,912	51,241,865
Public contributions and donations - PPE		3,393,726	-
Fines		23,698,183	16,895,710
Fuel levy		467,978,000	410,031,000
Total revenue from non-exchange transactions		3,358,672,429	2,915,822,760
Total revenue	26	6,379,732,050	5,862,099,582
Expenditure			
Employee related costs	35	(1,838,344,674)	(1,627,383,335)
Remuneration of councillors	36	(60,372,732)	(55,482,280)
Repairs and maintenance	37	(355,293,553)	(378,998,232)
Depreciation and amortisation	38	(987,910,252)	(807,458,659)
Impairment of assets	39	(4,950,000)	-
Finance costs	40	(43,959,792)	(49,359,423)
Debt impairment	41	(310,385,034)	(203,883,071)
Bulk purchases	42	(1,552,488,423)	(1,558,513,807)
Contracted services	43	(3,207,427)	(1,036,130)
Grants and subsidies paid	32	(39,330,255)	(43,173,383)
General expenses	44	(864,237,805)	(825,963,768)
Total expenditure		(6,060,479,947)	(5,551,252,088)
Operating surplus		319,252,103	310,847,494
Loss on disposal of assets	4	(2,499,363)	(36,364,770)
Fair value adjustments	45	36,725,077	66,285,357
Share of surplus of associate accounted for under the equity method	7	11,534,322	19,142,493
Write off of Intangible assets - BCMDA		(14,316)	-
		45,745,720	49,063,080
Surplus before taxation		364,997,823	359,910,574
Taxation	47	(538,253)	638,439
Surplus for the year	65	365,536,105	359,272,135

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	4,613,940,840	10,152,887,586	14,766,828,426
Adjustments:			
Prior year adjustments (prior to 2016/17) Refer note 55	-	(398,687,305)	(398,687,305)
Balance at July 1, 2016 as restated*	4,613,940,840	9,754,200,281	14,368,141,121
Changes in net assets:			
Surplus for the year (2016/17 restated) Refer note 55	-	359,272,135	359,272,135
Revaluation adjustment	(47,805,453)	-	(47,805,453)
Revaluation reserve	2,358,963,669	-	2,358,963,669
Total changes	2,311,158,216	359,272,135	2,670,430,351
Restated* balance at July 1, 2017	6,925,099,056	10,113,472,412	17,038,571,468
Changes in net assets:			
Surplus for the year	-	365,536,108	365,536,108
Revaluation reserve	2,125,358,561	-	2,125,358,561
Total changes	2,125,358,561	365,536,108	2,490,894,669
Balance at June 30, 2018	9,050,457,617	10,479,008,520	19,529,466,137
Note(s)	17	55	

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Cash Flow Statement

Figures in Rand

	Notes	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services	64	3,972,626,062	3,992,598,812
Government grants & subsidies	64	1,819,159,969	1,564,576,623
Interest received	30	176,012,022	198,436,891
		<u>5,967,798,053</u>	<u>5,755,612,326</u>
Payments			
Employee costs & Councillors remuneration	35&36	(1,898,717,406)	(1,682,865,615)
Suppliers	64	(2,525,776,178)	(3,431,863,356)
Finance costs	40	(43,959,792)	(49,359,423)
		<u>(4,468,453,376)</u>	<u>(5,164,088,394)</u>
Net cash flows used in operating activities	48	<u>1,499,344,677</u>	<u>591,523,932</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,330,344,072)	(1,278,985,122)
Proceeds from sale of property, plant and equipment	4	13,799,850	56,168,992
Proceeds from sale of investment property	3	487,940	-
Purchase of other intangible assets	5	(252,211)	(1,797,036)
Net cash flows used in investing activities		<u>(1,316,308,493)</u>	<u>(1,224,613,166)</u>
Cash flows from financing activities			
Net movement on borrowings	19	(47,641,565)	(50,709,030)
Net cash flows used in financing activities		<u>(47,641,565)</u>	<u>(50,709,030)</u>
Net (decrease)/increase in cash and cash equivalents		<u>135,394,619</u>	<u>(683,798,264)</u>
Cash and cash equivalents at the beginning of the year		1,690,101,970	2,373,900,234
Cash and cash equivalents at the end of the year	16	<u>1,825,496,589</u>	<u>1,690,101,970</u>

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. 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
2018											
Financial Performance											
Property rates	1,225,284,909	(104,110,032)	1,121,174,877	-	-	1,121,174,877	972,679,954		(148,494,923)	87 %	79 %
Service charges	3,011,894,841	(75,247,815)	2,936,647,026	-	-	2,936,647,026	2,678,192,210		(258,454,816)	91 %	89 %
Investment revenue	157,240,796	(26,000,000)	131,240,796	-	-	131,240,796	126,690,412		(4,550,384)	97 %	81 %
Transfers recognised - operational	1,368,105,621	11,010,779	1,379,116,400	-	-	1,379,116,400	1,356,550,426		(22,565,974)	98 %	99 %
Other own revenue	437,502,318	(51,185,159)	386,317,159	-	-	386,317,159	311,637,779		(74,679,380)	81 %	71 %
Total revenue (excluding capital transfers and contributions)	6,200,028,485	(245,532,227)	5,954,496,258	-	-	5,954,496,258	5,445,750,781		(508,745,477)	91 %	88 %
Employee costs	(1,748,499,622)	(90,621,406)	(1,839,121,028)	-	-	(1,839,121,028)	(1,838,344,674)		776,354	100 %	105 %
Remuneration of councillors	(63,248,115)	3,019,572	(60,228,543)	-	-	(60,228,543)	(60,372,732)		(144,189)	100 %	95 %
Debt impairment	(317,788,481)	142,860,044	(174,928,437)			(174,928,437)	(310,385,034)		(135,456,597)	177 %	98 %
Depreciation and asset impairment	(778,743,794)	(196,849,390)	(975,593,184)			(975,593,184)	(992,860,252)		(17,267,068)	102 %	127 %
Finance charges	(54,319,730)	10,359,121	(43,960,609)	-	-	(43,960,609)	(43,959,792)		817	100 %	81 %
Materials and bulk purchases	(1,578,166,510)	22,863,000	(1,555,303,510)	-	-	(1,555,303,510)	(1,552,488,423)		2,815,087	100 %	98 %
Transfers and grants	(305,536,857)	252,232,932	(53,303,925)	-	-	(53,303,925)	(39,330,255)		13,973,670	74 %	13 %
Other expenditure	(1,351,836,442)	101,442,422	(1,250,394,020)	-	-	(1,250,394,020)	(1,222,738,785)		27,655,235	98 %	90 %
Total expenditure	(6,198,139,551)	245,306,295	(5,952,833,256)	-	-	(5,952,833,256)	(6,060,479,947)		(107,646,691)	102 %	98 %
Surplus/(Deficit)	1,888,934	(225,932)	1,663,002	-	-	1,663,002	(614,729,166)		(616,392,168)	(36,965)%	(32,544)%

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

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	Actual outcome as % of original budget
Transfers recognised - capital	795,307,160	181,753,513	977,060,673	-	-	977,060,673	930,587,543		(46,473,130)	95 %	117 %
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	3,393,726		3,393,726	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	797,196,094	181,527,581	978,723,675	-	-	978,723,675	319,252,103		(659,471,572)	33 %	40 %
Share of surplus (deficit) of associate	-	-	-	-	-	-	11,534,322		11,534,322	DIV/0 %	DIV/0 %
Fair value adjustment	-	-	-	-	-	-	36,725,077		36,725,077	DIV/0 %	DIV/0 %
Loss on disposal of assets	-	-	-	-	-	-	(2,513,679)		(2,513,679)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	797,196,094	181,527,581	978,723,675	-	-	978,723,675	364,997,823		(613,725,852)	37 %	46 %

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	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
Capital expenditure and funds sources											
Total capital expenditure	1,645,204,112	125,634,359	1,770,838,471	-	-	1,770,838,471	1,426,513,802	-	(344,324,669)	81 %	87 %
Sources of capital funds											
Transfers recognised - capital	795,307,160	181,753,511	977,060,671	-	-	977,060,671	930,587,543	-	(46,473,128)	95 %	117 %
Borrowing	69,000,000	(69,000,000)	-	-	-	-	-	-	-	DIV/0 %	- %
Internally generated funds	781,859,259	12,655,074	794,514,333	-	-	794,514,333	495,926,259	-	(298,588,074)	62 %	63 %
Total sources of capital funds	1,646,166,419	125,408,585	1,771,575,004	-	-	1,771,575,004	1,426,513,802	-	(345,061,202)	81 %	87 %
Cash flows											
Net cash from (used) operating	1,788,179,720	80,100,959	1,868,280,679	-	-	1,868,280,679	1,499,344,677	-	(368,936,002)	80 %	84 %
Net cash from (used) investing	(1,583,446,419)	(178,915,174)	(1,762,361,593)	-	-	(1,762,361,593)	(1,316,308,493)	-	446,053,100	75 %	83 %
Net cash from (used) financing	19,726,252	(67,367,817)	(47,641,565)	-	-	(47,641,565)	(47,641,565)	-	-	100 %	(242)%
Net increase/(decrease) in cash and cash equivalents	224,459,553	(166,182,032)	58,277,521	-	-	58,277,521	135,394,619	-	77,117,098	232 %	60 %
Cash and cash equivalents at the beginning of the year	2,291,797,904	(601,695,934)	1,690,101,970	-	-	1,690,101,970	1,690,101,970	-	-	100 %	74 %
Cash and cash equivalents at year end	2,516,257,457	(767,877,966)	1,748,379,491	-	-	1,748,379,491	1,825,496,589	-	(77,117,098)	104 %	73 %

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Appropriation Statement

Figures in Rand

Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
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Explanation of significant variances greater than 10% on budget comparison to actuals

Reasons for material variances shown on the Statement of Comparison of Budget and Actual Amounts are detailed below:

REVENUE BY SOURCE

Property Rates

The valuation roll was reduced by a total value of R2 110 188 000 during the 2017/18 financial year, due to incorrect property values. This led to a reversal of rates charged based on the incorrect valuation, thus reducing rates revenue.

Service Charges

The factors that influence the variance are as follows:

Customers that implement cost cutting measures with regards to consumption;

Customers that apply to be charged on different tariffs i.e. reduction in demand;

Customers that have moved off the municipal grid.

Other Own Revenue

Other revenue is made up of numerous items. The revenue items contributing to the material variance are the following:

Agency fees: Agency fees depend on the number of licences & permits transacted through BCMM. Loss of revenue is due to the fact that vehicle licences can be renewed at the Post Office and the Department of Transport directly. Members of the public generally go to the closest convenient point in order to pay which may not always be BCMM.

Collection Charges: This relates to the recoverable legal costs to be recovered from debtors. Legal action could not be taken due to the fact that the contract with the Collection Agents contract commenced in the last quarter of the financial year.

EXPENDITURE TYPE

Transfers and grants for services are budgeted under item revenue, however GRAP recognises transfers and subsidies under expenditure and discourages set-off of income and expenditure.

The huge variance on debt impairment is as a result of more debts written off than projected.

Loss on disposal of assets of R82 677 was incurred as a result of derecognition of assets and investment property.

CAPITAL EXPENDITURE AND FUNDS SOURCES

Public Contributions & Donations

BCMM recognised assets transferred by other municipalities in terms of the demarcation pronounced 3rd August 2016.

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. The above highlighted inefficiencies are being addressed by management.

CASH FLOWS

Net cash from (used) operating

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
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The factors that influence the variance are as follows:

Customers that implement cost cutting measures with regards to consumption

;

Customers that apply to be charged on different tariffs i.e. reduction in demand;

Customers that have moved off the municipal grid.

Net cash from (used) investing

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. The above highlighted inefficiencies are being addressed by management.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1. Presentation of Audited Consolidated Annual Financial Statements

The audited consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These audited consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited consolidated annual financial statements, are disclosed below.

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

Allowance for slow moving, damaged and obsolete stock

An allowance has been made 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 11.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the 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.

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 20 - Provisions.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of wastewater and water networks and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The 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 pension obligations. In determining the appropriate discount rate, the 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 pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are 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.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both - or under construction) 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 for
- sale in the ordinary course of operations.

Investment property excludes owner-occupied property.

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 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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.2 Investment property (continued)

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.

1.3 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.

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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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 net assets related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value except for furniture and fittings, which are depreciated using the diminishing balance method at 10% per annum.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land landfill sites	Straight line	50
Buildings	Straight line	30 to 60
Plant and machinery	Straight line	3 to 30
Motor vehicles	Straight line	4 to 15
Furniture and fittings	Diminishing balance	3 to 7
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

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.3 Property, plant and equipment (continued)

Finance Leased Assets	Straight line	5
Roads	Straight line	5 to 100
Wastewater network	Straight line	5 to 80
Water network	Straight line	5 to 150
Servitudes	Straight line	Indefinite

The entity 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. Minor assets (Below R5000) are recognised and depreciated annually to R1 and are included in the asset register mainly for completeness and monitoring purposes.

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 PPE 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.

1.4 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 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.4 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.5 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 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	Depreciation method	Average useful life
Computer software	Straight line	3 years

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.5 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Heritage assets

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.

A class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the audited separate 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 assets may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service 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 entity derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.7 Investments in associates

An associate is a 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.

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. When the reporting dates are different, the entity makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the entity.

1.8 Financial instruments

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

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 a municipality 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 municipality's statement of financial position.

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, a municipality 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, 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 municipality 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 municipality; or

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1.8 Financial instruments (continued)

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

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 municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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 a municipality 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.

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 municipality 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 municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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1.8 Financial instruments (continued)

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 21:

Class

Cash and cash equivalents
Receivables from non-exchange transactions
VAT receivable
Receivables from exchange transactions
Long-term receivables
Non-current investments

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position and in note 22:

Class

Borrowings
Payables from exchange transactions
Unspent conditional grants and receipts
Accrued leave pay
Payments received in advance
Consumer deposits
Other deposits

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at fair value
Financial liability measured at fair value

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

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Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- 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 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 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 municipality does not reclassify a financial instrument while it is issued or held unless it is:

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

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the 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 municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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Accounting Policies

1.8 Financial instruments (continued)

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.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.9 Tax

Current tax assets and liabilities

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

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

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Accounting Policies

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 either a written or implied contract by which an owner (the lessor) of a specific asset grants a second party (the lessee) the right to its exclusive possession and use for a specific period and under specific conditions, in return for specific periodic rental or lease payments.

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.

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 or the incremental borrowing rate.

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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Accounting Policies

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 the 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.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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).

The 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.

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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 and/or 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.

The 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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable 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 cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

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

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

A cash-generating unit is the smallest identifiable group of assets managed 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 and/or 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 service amount is the higher of a non-cash-generating asset's 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.

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Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

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 amount of an asset or non-cash-generating unit 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 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 entity estimates the recoverable service amount of the asset.

Value in use

The 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 entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the 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.

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Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The 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 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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an municipality 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 of the reporting municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality'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.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.14 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the 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 municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the 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 municipality provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality 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 municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.14 Employee benefits (continued)

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the audited consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions and contingencies

Provisions are recognised when:

- the 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 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 deficits.

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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when a municipality:

- 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.

Contingencies are disclosed in note 52 and 47

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 43)

1.17 Revenue from exchange transactions

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

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

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

BUFFALO CITY METROPOLITAN MUNICIPALITY

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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 entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the 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 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 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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Deferred Income

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. To the extent that the entity has received initial fair value for goods, services or use of assets for corresponding items to be provided over a number of financial reporting periods, in line with a multi-year contractual commitment, then the fair value is to be recognised as revenue over the contractual period to which it relates. Any fair value in excess of the revenue recognised is to be recorded as deferred income.

1.18 Revenue from non-exchange transactions

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

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

Control of an asset 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.

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.

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

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

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

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

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

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

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Taxes (Property rates)

The entity recognises an asset in respect of taxes at the gross amount when the taxable event occurs and the asset recognition criteria are met.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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.

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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.19 Investment income

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

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the entity, and the costs can be measured reliably. The entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.11, 1.12 and 1.13. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

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

1.22 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.

1.23 Fruitless and wasteful expenditure

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

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

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Accounting Policies

1.24 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 is 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 is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25 Use of estimates

The preparation of unaudited annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited annual financial statements are disclosed in the relevant sections of the unaudited annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.27 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.29 Budget information

Municipalities 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 the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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Accounting Policies

1.29 Budget information (continued)

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 01 July 2017 to 30 June 2018.

The budget for the economic entity includes all the entities approved budgets under its control.

Comparative information is not required.

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.

1.30 Related parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the entity. (Refer to note 48)

1.31 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 12)

1.32 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.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2018

2017

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after July 1, 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18 (as amended 2016): Segment Reporting	April 1, 2020	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	April 1, 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	April 1, 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	April 1, 2019	Unlikely there will be a material impact
• GRAP 107: Mergers	April 1, 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	April 1, 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	April 1, 2019	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	April 1, 2020	Unlikely there will be a material impact

BUFFALO CITY METROPOLITAN MUNICIPALITY

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3. Investment property

	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value
Investment property	427,562,994	427,562,994	396,275,856	396,275,856

Reconciliation of investment property - 2018

	Opening balance	Derecognition	Fair value adjustment	Impairments	Total
Investment property	396,275,856	(487,940)	36,725,078	(4,950,000)	427,562,994

Reconciliation of investment property - 2017

	Opening balance	Derecognition	Transfers	Fair value adjustment	Total
Investment property	336,493,760	(6,503,261)	61,317,334	4,968,023	396,275,856

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.

No Investment Properties were pledged as security.

The total direct operating expenses for repairs and maintenance on all municipal properties amounts to R355 291 890 including repairs and maintenance expenses on investment properties.

Operational expenditure regarding investment property earning rentals and those that are not earning rentals are not available as these expenses pertaining to investment properties are not budgeted for separately on the budget.

Per accounting policies note 1.2 the entity is on the fair value model for investment property.

There are no restrictions on investment properties.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined jointly by internal and external valuers, through the update of the Valuation Roll. Where a one on one match existed between the valuation roll and investment property, the determine valuation roll value was used. Where a one on one match could not be established, properties were valued through a special valuation, performed by the an external valuers.

Registration details of internal and external valuers involved in the valuation were as follows;

- 1) Mr Graham, Professional Valuer (3841)
- 2) Mr Chistopher Lourens Professional Valuer (2471)
- 3) Mr Ian Smoothy , Professional Associated Valuer (3892)
- 4) Ms Noleen Pray, Professional Associated Valuer (7047)

Properties were valued using the CAMA (Computer Assisted Mass Appraisal). The full methodology document explaining assumptions used is available for review.

Rental income from investment properties in respect of monthly and annual leases amounted to R15 882 120, (2017: R16 424 005).

BUFFALO CITY METROPOLITAN MUNICIPALITY

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4. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	81,658,475	-	81,658,475	77,967,166	-	77,967,166
Servitudes	142,215,759	-	142,215,759	142,215,760	-	142,215,760
Plant and equipment	115,648,218	(86,275,117)	29,373,101	113,921,109	(80,847,908)	33,073,201
Furniture and fittings	66,788,276	(45,545,056)	21,243,220	63,048,378	(41,105,537)	21,942,841
Motor vehicles	527,159,609	(189,786,956)	337,372,653	423,740,828	(160,594,931)	263,145,897
Office equipment	57,620,395	(40,236,204)	17,384,191	52,148,952	(30,028,154)	22,120,798
IT equipment	557,362	(281,061)	276,301	458,662	(102,755)	355,907
Electricity infrastructure	9,863,367,493	(6,238,039,571)	3,625,327,922	8,530,661,826	(5,395,152,663)	3,135,509,163
Other properties	1,697,162,522	(798,284,676)	898,877,846	1,536,202,561	(698,046,033)	838,156,528
Work in progress (WIP)	3,153,145,860	-	3,153,145,860	2,104,306,708	(13,854,190)	2,090,452,518
Recreational facilities	749,045,218	(493,184,040)	255,861,178	702,987,268	(450,532,264)	252,455,004
Finance Leased Assets	-	-	-	88,042	(88,042)	-
Roads	11,815,493,907	(6,744,833,531)	5,070,660,376	10,571,428,646	(6,202,426,212)	4,369,002,434
Wastewater network	1,338,816,589	(36,002,949)	1,302,813,640	4,052,263,485	(2,693,153,304)	1,359,110,181
Water network	5,881,971,943	(3,638,362,727)	2,243,609,216	5,767,896,760	(3,609,306,995)	2,158,589,765
Community buildings	1,980,188,028	(969,281,558)	1,010,906,470	1,872,495,366	(931,485,352)	941,010,014
Total	37,470,839,654	(19,280,113,446)	18,190,726,208	36,011,831,517	(20,306,724,340)	15,705,107,177

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Non-cash additions	Revaluations	Depreciation	Total
Land	77,967,166	-	-	-	-	3,691,309	-	81,658,475
Servitudes	142,215,760	-	-	-	-	-	-	142,215,760
Plant and equipment	33,073,201	1,742,507	-	-	-	-	(5,442,607)	29,373,101
Furniture and fittings	21,942,841	3,921,833	(17,526)	-	-	-	(4,603,928)	21,243,220
Motor vehicles	263,145,897	103,837,179	(146,440)	-	-	-	(29,463,983)	337,372,653
Office equipment	22,120,798	5,471,443	-	-	-	-	(10,208,050)	17,384,191
IT equipment	355,907	98,700	-	-	-	-	(178,306)	276,301
Electricity infrastructure	3,135,509,163	74,420,640	(4,534,755)	6,354,788	25,978	616,387,907	(202,835,799)	3,625,327,922
Other properties (halls, social housing)	838,156,528	35,473,385	-	29,401	-	73,790,556	(48,572,024)	898,877,846
Work in progress (WIP)	2,090,452,518	1,083,234,067	-	(20,540,725)	-	-	-	3,153,145,860
Recreational facilities	252,455,004	2,400,261	(285,250)	-	-	29,405,877	(28,114,714)	255,861,178
Roads	4,369,002,434	6,995,083	(6,599,344)	34,474,460	3,367,747	1,005,196,898	(341,776,902)	5,070,660,376
Wastewater network	1,359,110,181	108,928	-	-	-	34,331,982	(90,737,451)	1,302,813,640
Water network	2,158,589,765	4,734,333	(1,730,256)	1,171,182	-	236,013,705	(155,169,513)	2,243,609,216
Community buildings	941,010,014	7,905,713	(2,985,642)	2,602,490	-	126,540,325	(64,166,430)	1,010,906,470
	15,705,107,177	1,330,344,072	(16,299,213)	24,091,596	3,393,725	2,125,358,559	(981,269,707)	18,190,726,209

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Non-cash additions	Disposals	WIP transfers	Transfers	Revaluations	Adjustments	Depreciation	Impairment (loss) / reversal	Total
Land	386,313,045	-	-	-	-	-	(308,345,879)	-	-	-	77,967,166
Servitudes	-	-	-	-	-	71,374,228	70,841,532	-	-	-	142,215,760
Plant and equipment	39,531,176	1,529,677	-	(55,189)	-	-	-	-	(7,932,463)	-	33,073,201
Furniture and fittings	26,220,503	3,827,373	-	(42,112)	-	-	-	-	(8,062,923)	-	21,942,841
Motor vehicles	213,433,588	73,622,154	-	(1,860,606)	-	-	-	-	(22,131,039)	81,800	263,145,897
Office equipment	21,605,936	10,152,533	-	-	-	-	-	-	(9,637,671)	-	22,120,798
IT equipment	43,726	439,914	-	(22,182)	-	-	-	-	(105,551)	-	355,907
Electricity infrastructure	1,803,837,598	111,094,212	-	(15,403,032)	43,217,275	-	1,297,746,752	-	(104,983,642)	-	3,135,509,163
Other properties (halls, social housing)	600,560,568	-	-	(5,089,476)	40,128,715	(8,593,400)	236,349,321	-	(32,441,639)	7,242,439	838,156,528
Work in progress (WIP)	1,634,970,095	1,040,111,610	-	-	(522,112,550)	(21,042,816)	-	(27,619,631)	-	(13,854,190)	2,090,452,518
Recreational facilities	166,821,849	371,198	-	(417,736)	7,458,382	(2,097,137)	96,393,158	-	(16,074,710)	-	252,455,004
Finance Leased Assets	2,873,959	-	-	(2,871,070)	-	-	-	-	(2,889)	-	-
Roads	3,910,812,325	25,702,961	3,173,733	(24,823,254)	289,564,135	-	495,100,103	-	(330,587,501)	59,932	4,369,002,434
Wastewater network	1,837,066,595	-	-	(22,994,457)	23,245,251	-	(370,943,340)	-	(107,263,868)	-	1,359,110,181
Water network	1,869,452,467	-	-	(10,499,976)	88,643,755	(3,627,555)	331,463,082	-	(116,842,008)	-	2,158,589,765
Community buildings	468,885,840	12,133,490	-	(8,454,672)	29,370,876	13,340,321	462,062,152	-	(39,134,428)	2,806,435	941,010,014
	12,982,429,270	1,278,985,122	3,173,733	(92,533,762)	(484,161)	49,353,641	2,310,666,881	(27,619,631)	(795,200,332)	(3,663,584)	15,705,107,177

Proceeds on disposal of PPE

Carrying value of PPE

Net gain/(loss) on disposal of assets

	2018	2017
Carrying value of PPE	16,299,213	92,533,762
Net gain/(loss) on disposal of assets	(2,499,363)	(36,364,770)
	13,799,850	56,168,992

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4. Property, plant and equipment (continued)

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. The Municipality is of the view that these properties will have a net realisable value of NIL as they will either be transferred to RDP housing beneficiaries or have long serving residents for which there has been a delay in the transfer of title. 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 37.

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

Electricity	66,331,185	21,163,628
Roads	1,473,986,969	1,118,414,942
Wastewater network	811,145,573	509,161,888
Water network	459,085,240	294,005,538
Community buildings	125,612,943	96,654,960
Other	222,979,545	55,355,317
Total	3,159,141,455	2,094,756,273

The carrying value of the property, plant and equipment that is taking a significantly longer period of time to complete than expected and has been halted amounts to R3 159 141 455(2018) and R2 094 756 273(2017) and has been associated with community unrest.

Revaluations

The values were determined by an external Professional Valuer registered with the South African Council for the Property Valuers Profession, Registration No. 4973/1. Revaluation methodology is available at BCMM.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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5. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software	49,659,046	(30,774,560)	18,884,486	31,196,100	(24,122,953)	7,073,147

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Write off	Transfers received	Amortisation	Total
Software	7,073,147	252,211	(14,316)	18,237,839	(6,664,395)	18,884,486

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Transfers	Amortisation	Total
Software	14,582,212	1,797,036	-	(9,306,101)	7,073,147
Servitudes	71,374,228	-	(71,374,228)	-	-
	85,956,440	1,797,036	(71,374,228)	(9,306,101)	7,073,147

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6. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage sites	49,779,875		49,779,875	49,779,875		49,779,875

Reconciliation of heritage assets 2018

	Opening balance	Total
Heritage sites	49,779,875	49,779,875

Reconciliation of heritage assets 2017

	Opening balance	Transfers	Total
Heritage sites	49,632,925	146,950	49,779,875

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. (This is an accounting disclosure)

Where practical, heritage assets were valued on the replacement value method and retrospectively restated on 01 July 2012 in accordance with the transitional provision applicable to GRAP 103. However, due to the nature of certain heritage assets, it is not possible or practical to establish a fair value associated with these assets and have been recognised in accordance with GRAP 103.94.

Heritage assets are reviewed annually for impairment. Some of the items carried at R1 had physical damages.

7. Investments in associate

Name of entity

BCMM share in IDZ - 26,000 shares @ 0,01c included in the carrying amount (Unlisted)
% holding

Carrying amount 2018	Carrying amount 2017
121,008,277	109,473,955
26%	26%

The carrying amount of the associate is shown net of impairment losses.

Movements in carrying value

Opening balance	109,473,955	90,331,462
Share of surplus	11,534,322	19,142,493
	121,008,277	109,473,955

Investment in associate amounted to R 121,008,277 (2017: R 109,473,955).

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.

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7. Investments in associate (continued)

Principal activities, country of incorporation and voting power

Legal name	Principal activity	Country of incorporation	Proportion of voting power
East London Industrial Development Zone (Pty)Ltd	Development of East London's Industrial Development Zone.	SA	26%

Summary of controlled municipality's interest in associate

Total assets	703,662,671	531,123,746
Total liabilities	582,654,394	421,649,791
Revenue	11,534,322	19,348,523
Surplus	109,473,955	90,125,432
Total equity	121,008,277	109,473,955

Associates with different reporting dates

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 2017 to 31 March 2018.

Per Accounting Policy 1.7, the municipality uses the most recent available financial statement of the associate in applying the equity method. The amounts reflected above are for the period 01 July 2017 - 31 March 2018.

8. Deferred tax

Deferred tax

Deferred tax asset	602,051	63,798
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year	63,798	-
Charge for the year	538,253	63,798
	602,051	63,798

9. Operating leases (as previously disclosed)

Non-current assets	-	72,081,541
Current assets	-	2,638,016
Current liabilities	-	(3,562)
	-	74,715,995

Prior period adjustment

Balance previously reported	55	-	74,715,995
Adjustment to non-current portion		-	(72,081,541)
Adjustment to current portion		-	(2,638,016)
		-	(3,562)

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9. Operating leases (as previously disclosed) (continued)

In previous years an accrual was raised and escalated over a period of time based on the assumption that revenue relating to the lease of municipal properties was not processed on the billing system. However the accrual was raised within sundry debtors being part of the billing system.

The operating lease accrual of R0 (R3 562 :2017) is as a result of rental of premises and that of a multipurpose printing/copier machine. The operating lease on the premises was initially for a period of twelve months, with an option to extend for 24 months. The Agency exercised the option and extended the lease for a further 12 months in 2017/18, which came to an end on 30 April 2018. Subsequent to this a further extension of the lease agreement was signed which comes to an end in April 2019. The photocopier lease is for a duration of 36 months with no escalation. The liability was determined through the application of GRAP13.

No operating lease accrual was raised in 2017/18 financial year.

10. Post - retirement medical obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Balance at the beginning of the year	527,298,221	505,115,904
Interest cost	48,169,637	46,816,201
Current service cost	24,732,544	23,369,129
Actual employer benefit payments	(21,631,042)	(20,347,264)
Actuarial gain recognised in the year	(40,594,733)	(27,655,749)
	537,974,627	527,298,221

Non-current liabilities	(516,343,584)	(506,950,957)
Current liabilities	(21,631,043)	(20,347,264)

Net liability	(537,974,627)	(527,298,221)
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Net costs

Interest cost	48,169,637	46,816,201
Current service cost	24,732,544	23,369,129
Actuarial gain recognised in the year	(40,594,733)	(27,655,749)

Net costs per Statement of Financial Performance	32,307,448	42,529,581
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The best estimates for the employer benefit payments in the 2018/19 financial period is expected to be R19 595 206 (The actual employer benefit payments in the 2017/18 financial period was R21 631 042).

The entity employees contribute to 5 accredited medical aid schemes, namely LA Health, Bonitas, Key Health, SAMWU Med and Hosmed. Pensioners continue on the option they belonged to on the day of their retirement.

The obligation in respect of the medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was prepared in July 2018 by ARCH Actuarial Consulting using the Projected Unit Credit Method.

The entity opted not to recognise the actuarial loss applying the "Corridor" method.

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. The liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

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10. Post - retirement medical obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	9.59 %	9.29 %
Health care cost inflation rate	7.40 %	7.60 %
Net discount rate	2.04 %	1.57 %
Maximum subsidy inflation rate	5.18 %	5.33 %
Net discount rate for capped subsidies	4.20 %	3.76 %
Average retirement age	63	63
Post - retirement mortality	PA(90) - 1	PA(90) - 1
Pre - retirement mortality	SA 85-90	SA 85-90
Proportion married at retirement	90.00 %	90.00 %
Continuation of membership at retirement	100.00 %	100.00 %

In-service members

Number of in-service members	3304	3214
Average age	44.3	43.8
Average past service	11.6	11.1
Average present value of subsidy at retirement	R 1571	R 1562

Continuation members

Number of principle members	532	540
Proportion with spouse dependants	41%	41%
Average age of members	71.4	71.0
Average employer contribution p.m.	R 2960	R 2934

BUFFALO CITY METROPOLITAN MUNICIPALITY

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10. Post - retirement medical obligations (continued)

Sensitivity results

The liability at the Valuation Date was recalculated to show the effect of:

- A 1% increase and decrease in the assumed rate of health care cost inflation;
- A 1% increase and decrease in the discount rate;
- A one-year age reduction in the assumed rates of post-retirement mortality;
- A one-year decrease in the assumed average retirement age; and
- A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

Assumption	Change	In-service members	Retirement members	Total	% change
Central assumptions		323.315	214.660	537.975	
Health care inflation	+1%	355.631	229.431	585.062	+9%
	-1%	285.146	199.921	485.067	-10%
Discount rate	+1%	271.865	198.040	469.905	-13%
	-1%	388.683	233.965	622.648	+16%
Post-retirement mortality	-1yr	332.566	222.821	555.387	+3%
Average retirement age	-1yr	358.369	214.660	573.029	+7%
Continuation of membership at retirement	-10%	290.983	214.660	505.643	-6%

Note : The post-retirement mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer.

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 9% higher than that shown.

The table below summarises the results of this analysis on the Current-service and Interest costs for the year ending 30 June 2018.

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		24 732 500	48 169 600	72 902 100	
Health care inflation	+1%	27 379 800	52 378 800	79 758 600	+9%
	-1%	21 431 500	43 364 600	64 796 100	-11%
Discount rate	+1%	20 448 900	46 367 600	66 816 500	-8%
	-1%	30 268 000	50 015 400	80 283 400	+10%
Post-retirement mortality	-1yr	25 469 900	49 810 500	75 280 400	+3%
Average retirement age	-1yr	26 907 300	51 165 400	78 072 700	+7%
Continuation of membership at retirement	-10%	22 259 300	45 338 100	67 597 400	-7%

These figures were derived at the last valuation and were also presented in that report.

The table below summarises the result of this analysis on the Current-service and Interest costs for the year ending 30 June 2019.

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		25 123 600	50 673 700	75 797 300	
Health care inflation	+1%	27 866 200	55 184 900	83 051 100	+10%
	-1%	21 790 300	45 604 300	67 394 600	-11%
Discount rate	+1%	20 905 400	48 751 500	69 656 900	-8%
	-1%	30 537 200	52 661 200	83 198 400	+10%
Post-retirement mortality	-1yr	25 844 100	52 343 500	78 187 600	+3%
Average retirement age	-1yr	27 139 700	54 035 400	81 175 100	+7%
Continuation of membership at retirement	-10%	22 611 300	47 573 100	70 184 400	-7%

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10. Post - retirement medical obligations (continued)

History of Liabilities, Assets and Experience Adjustments

The table below summarises the accrued liabilities and the plan assets for the current period and previous periods.

Liability history	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018
Present value of accrued liability (R millions)	414.075	503.423	505.116	527.298	537.975
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Surplus / (Deficit)	(414.075)	(503.423)	(505.116)	(527.298)	(537.975)

The table below summarises the experience adjustments for the current period and the previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Experience adjustments	Year ending 30/06/2014	Year ending 30/06/2015	Year ending 30/06/2016	Year ending 30/06/2017	Year ending 30/06/2018
Liabilities: (Gain) / Loss (R millions)	not disclosed	37.093	(11.690)	26.366	(1.794)

11. Inventories

Electricity store (Electrical maintenance parts)	11,186,094	7,433,742
Workshop store (Mechanical maintenance parts)	454,051	263,628
Water store (Water maintenance parts)	3,399,936	18,388,611
Unsold water (Treated water in pipelines & reservoirs)	15,476,087	4,400,412
General stores (Chiselhurst, Mdantsane, KWT)	12,748,192	11,075,415
Fuel (Diesel, Petrol)	-	576,929
	43,264,360	42,138,737
Inventories (write-downs)	(474,802)	(3,569,225)
	42,789,558	38,569,512

Carrying value of stock is disclosed at the lower of cost and net realisable value.

The inventories (write-downs) amount is in respect of obsolete stock and not due to a change in accounting policy.

Inventory write-downs is included under note 44 : General Expenses - Other expenses.

Inventory pledged as security

No inventory was pledged as security.

12. Receivables from exchange transactions

Deposits	44,713	44,713
Project management fee receivable	54,821	119,318
Sundry debtors	2,229	8,698
Receivable control	-	10,477
	101,763	183,206

Receivables from exchange transactions is made up of R 44 713 (refundable deposit paid to EL IDZ for the rental office space).

Project management fee receivable of R54 821 is in relation to the implementation of the GMC project.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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13. Receivables from non-exchange transactions

Traffic fines	27,896,195	19,247,001
Other receivables (billing)	228,689,250	213,826,768
Other debtors	7,283,282	12,119,784
Accrued income	433,488,035	433,575,803
Property rates	431,077,615	382,888,435
Allowance for impairment property rates and other receivables billing	(391,435,417)	(352,061,970)
	736,998,960	709,595,821

Property rates age analysis

Current (0-30 days)	74,517,231	73,552,633
31-60 days	27,423,925	24,583,006
61-90 days	13,221,235	17,129,903
91-120 days	10,453,639	16,266,037
121- 365 days	80,754,414	123,719,800
>365 days	224,707,171	127,637,056
	431,077,615	382,888,435

Other receivables (billing) age analysis

Current (0-30 days)	6,823,366	10,355,497
31-60 days	4,511,124	3,865,562
61-90 days	3,593,903	3,102,951
91-120 days	3,223,118	2,890,146
121- 365 days	33,498,927	24,527,917
>365 days	177,038,812	169,084,695
	228,689,250	213,826,768

Traffic Fines

Opening Balance - Total Outstanding Fines (Based on prior 3 years)	74,026,927	44,177,468
Less: Outstanding Fines in respect of prior third year	(13,023,604)	(16,276,265)
Total Traffic Fines Issued BCMM	68,138,450	58,434,689
Traffic Fines withdrawn, untraceable and uncollectable	(2,520,050)	(1,768,808)
Traffic Fines Paid	(15,036,942)	(10,540,157)
Total Outstanding Fines	111,584,781	74,026,927
Impairment (Based on a probability collection factor of approx. 25% - 2018 and 26% - 2017)	(83,688,586)	(54,779,926)

Traffic Fines Debtor

27,896,195 19,247,001

Trade and other receivables from non-exchange transactions pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any accounts receivable.

These accounts 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.

Credit quality of trade and other receivables from non-exchange transactions

The credit quality of trade and other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings.

Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

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13. Receivables from non-exchange transactions (continued)

Trade and other receivables from non-exchange transactions impaired

As of June 30, 2018, trade and other receivables from non-exchange transactions of R391,435,416 (2017: R352,061,968) were impaired and provided for.

Amounts totalling R45 496 454 (2017: R37 820 814) were written off as uncollectable against the debt impairment allowance account. This represents 0.01% (2017: 0.0060%) of the total operating income for the year.

Reconciliation of allowance for impairment of trade and other receivables from non-exchange transactions

Opening balance	(352,061,968)	(318,723,186)
Provision for impairment	(84,869,902)	(71,159,596)
Amounts written off as uncollectable	45,496,454	37,820,814
	(391,435,416)	(352,061,968)

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 41). 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.

14. VAT receivable

VAT receivable	127,982,442	101,174,024
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The above VAT receivable amount is the net amount of total VAT receivable R4 098 778 474 (2017: R3 559 077 380) less total VAT payable R3 971 003 341 (2017: R3 458 047 861).

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.

15. Receivables from exchange transactions

Gross balances

Electricity	298,544,178	266,198,191
Water	479,319,769	472,935,968
Sewerage	188,246,450	183,662,979
Refuse	242,221,931	248,348,193
Housing rental	193,602	72,384
	1,208,525,930	1,171,217,715

Less: Allowance for impairment

Electricity	(158,580,820)	(161,202,891)
Water	(289,421,989)	(291,693,489)
Sewerage	(109,980,876)	(111,348,342)
Refuse	(141,515,444)	(150,564,690)
Housing rental	(41,350)	(43,221)
	(699,540,479)	(714,852,633)

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15. Receivables from exchange transactions (continued)

Net balance

Electricity	139,963,358	104,995,300
Water	189,897,780	181,242,479
Sewerage	78,265,574	72,314,637
Refuse	100,706,487	97,783,503
Housing rental	152,252	29,163
	508,985,451	456,365,082

Electricity

Current (0 -30 days)	207,590,024	174,431,780
31 - 60 days	11,950,693	27,997,691
61 - 90 days	6,437,138	5,885,480
91 - 120 days	4,497,083	8,459,007
121 - 365 days	27,523,077	22,692,947
> 365 days	40,546,163	26,731,285
	298,544,178	266,198,190

Water

Current (0 -30 days)	95,286,884	78,359,270
31 - 60 days	38,688,753	29,969,147
61 - 90 days	29,465,456	20,493,924
91 - 120 days	22,776,748	23,698,046
121 - 365 days	122,579,833	136,969,961
> 365 days	170,522,095	183,445,620
	479,319,769	472,935,968

Sewerage

Current (0 -30 days)	20,803,885	21,131,461
31 - 60 days	10,095,600	8,260,954
61 - 90 days	6,139,572	5,295,866
91 - 120 days	4,854,509	4,740,653
121 - 365 days	35,443,091	36,976,826
> 365 days	110,909,793	107,257,219
	188,246,450	183,662,979

Refuse

Current (0 -30 days)	18,715,794	16,587,058
31 - 60 days	9,890,327	8,025,465
61 - 90 days	7,069,979	6,229,020
91 - 120 days	5,848,789	5,751,420
121 - 365 days	43,829,326	49,101,044
> 365 days	156,867,716	162,654,187
	242,221,931	248,348,194

Housing rental

> 365 days	193,602	72,384
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BUFFALO CITY METROPOLITAN MUNICIPALITY

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15. Receivables from exchange transactions (continued)

Summary of debtors by customer classification: (This refers to the total debtor classification including exchange and non-exchange transactions as per billing system i.e. this includes rates and other billing receivables)

Consumers

Current (0 -30 days)	151,272,713	146,978,647
31 - 60 days	72,230,183	59,196,777
61 - 90 days	50,941,046	42,743,613
91 - 120 days	39,214,312	42,409,250
121 - 365 days	239,075,703	297,206,084
> 365 days	610,107,621	665,389,715
	<u>1,162,841,578</u>	<u>1,253,924,086</u>
Less: Allowance for impairment	<u>(694,952,599)</u>	<u>(791,158,536)</u>
	467,888,979	462,765,550

Industrial/ commercial

Current (0 -30 days)	198,769,732	201,317,712
31 - 60 days	22,444,623	39,436,041
61 - 90 days	10,275,826	14,401,510
91 - 120 days	7,500,303	18,365,710
121 - 365 days	64,162,852	93,169,129
> 365 days	115,034,165	199,664,028
	<u>418,187,501</u>	<u>566,354,130</u>
Less: Allowance for impairment	<u>(249,922,686)</u>	<u>(275,756,067)</u>
	168,264,815	290,598,063

National and provincial government

Current (0 -30 days)	23,582,131	26,121,338
31 - 60 days	2,729,743	4,069,007
61 - 90 days	520,336	992,021
91 - 120 days	263,005	1,030,349
121 - 365 days	3,263,338	3,613,284
> 365 days	11,414,699	9,480,829
	<u>41,773,252</u>	<u>45,306,828</u>

Total

Current (0 -30 days)	423,737,183	374,417,698
31 - 60 days	102,560,421	102,701,825
61 - 90 days	65,927,282	58,137,144
91 - 120 days	51,653,887	61,805,309
121 - 365 days	343,628,668	393,988,496
> 365 days	910,143,387	776,882,446
	<u>1,897,650,828</u>	<u>1,767,932,918</u>
Less: Allowance for impairment	<u>(1,090,975,896)</u>	<u>(1,066,914,603)</u>
	806,674,932	701,018,315

Less: Allowance for impairment

31 - 60 days	(75,772,344)	(76,648,978)
61 - 90 days	(48,707,529)	(43,389,226)
91 - 120 days	(38,162,247)	(46,126,870)
121 - 365 days	(253,875,221)	(294,043,610)
> 365 days	(674,458,555)	(606,705,920)
	<u>(1,090,975,896)</u>	<u>(1,066,914,604)</u>

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15. Receivables from exchange transactions (continued)

Total debtor past due but not impaired

Current (0 -30 days)	774,919,471	778,639,952
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Reconciliation of allowance for impairment

Balance at the end of the year	1,090,975,896	1,066,914,603
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Consumer debtors pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any of the accounts receivable.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

As of June 30, 2018, consumer debtors of R699,540,478 (2017: R714,852,635) were impaired and provided for.

Amounts totaling R240 827 289 as of June 30, 2018 (2017: R181 162 134) were written off as uncollectable against the debt impairment allowance account. This represents 0.0462% (2017: 0.0289%) of the total operating income for the year.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(714,852,635)	(763,291,294)
Allowance for impairment	(225,515,132)	(132,723,475)
Amounts written off as uncollectible	240,827,289	181,162,134
	(699,540,478)	(714,852,635)

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 41). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Refer to note 12 regarding impairment of non-exchange transactions.

In terms of the arrangements to repay rates and services debt as at 30 June 2018, 2596 (2017: 5419) debtors had active outstanding arrangements to the value of R35 486 337 (2017: R49 238 983). The repayment periods range from 1 month to a maximum of 24 months in terms of the Credit Control Policy.

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16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	82,009	79,722
Bank balances	165,021,628	24,511,348
Call and short-term deposits	1,660,392,952	1,665,510,900
	1,825,496,589	1,690,101,970

Allocation of external investments (call and short-term deposits)

BCMET	531,780	498,587
Own funding (operating account commitments)	1,659,861,172	1,665,012,313
	1,660,392,952	1,665,510,900

Call and short-term deposits per institution

Absa (interest rate range 6.30% - 7.72% : 2017 6.35% - 6.50%)	414,689,209	414,964,957
Nedbank (interest rate range 6.30% - 7.85% : 2017 6.50%)	408,150,415	419,671,222
RMB (interest rate range 6.30% - 7.95% : 2017 6.50%)	415,168,994	416,475,663
Standard Bank (interest rate range 6.30% - 7.75% : 2017 6.50%)	295,161,008	254,375,775
Stanlib (interest rate range 7.29% - 7.55% : 2017 7.51% - 7.69%)	127,223,327	160,023,284
	1,660,392,953	1,665,510,901

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 R10 474 620 (2017 : R9 271 729)

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16. Cash and cash equivalents (continued)

The municipality had the following bank accounts:

Account number / description	Bank statement balances		Cash book balances		
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
ABSA BANK - Primary Account - 408-009-0281	241,424,838	243,343,217	159,594,559	16,463,219	
ABSA BANK - Prism Account - 408-009-0574	-	-	3,710,137	3,991,136	
ABSA BANK - Market Account - 408-009-0639	2,607,020	1,289,236	1,351,945	708,723	
ABSA BANK - Unpaid Account - 408-009-0697	3,106	-	-	-	
FIRST NATIONAL BANK - Cheque account - 626-1293-9267	6,293	1,499,624	-	6,293	1,499,624
FIRST NATIONAL BANK - Public sector cheque account - 620-9871-7899	335,316	154,681	-	335,316	154,681
FIRST NATIONAL BANK - Commercial money market - 620-9871-9358	23,292	1,693,966	-	23,292	1,693,966
FIRST NATIONAL BANK - Public sector cheque account - 627-4180-3177	85	-	-	85	-
Total	244,399,950	247,980,724	165,021,627	24,511,349	

17. Revaluation reserve

Opening balance	6,925,099,056	6,972,904,509
Change during the year	2,125,358,561	(47,805,453)
	9,050,457,617	6,925,099,056

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18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Government grants	43,739,713	62,227,459
Provincial grants	53,232,028	13,605,195
Other conditional grants	5,140,808	6,197,571
Agency - Land Affairs	182,141,961	170,289,196
	284,254,510	252,319,421

National Government	Unspent balance 2017	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / Prior period error	Unspent balance 2018
Financial Management Grant (FMG)	771	1,300,000	(1,299,567)	-	-	1,204
Integrated National Electrification Programme (INEP)	25,470,812	7,300,000	-	(19,444,295)	(13,325,949)	568
Electricity Demand: Side Management Grant (EDSM)	-	5,000,000	-	(4,999,982)	-	18
Urban Settlement Development Grant (USDG)	195	928,128,000	(65,131,354)	(765,810,138)	(96,895,150)	291,553
Expanded Public Works Programme (EPWP)	139	4,952,000	(4,916,940)	-	(34,982)	217
Intigrated City Development Grant (ICDG)	116,650	6,956,000	-	(6,956,000)	(116,650)	-
Infrastructure Skills Development Grant (ISDG)	2,013,060	10,560,000	(8,586,659)	-	(2,141,193)	1,845,208
Public Transport Network Grant	33,136,686	55,868,000	(4,593,997)	(36,991,983)	(5,826,523)	41,592,183
DEA - GMC Grant - BCMDA	1,489,147	24,848	(1,505,147)	-	-	8,848
Subtotal	62,227,460	1,020,088,848	(86,033,664)	(834,202,398)	(118,340,447)	43,739,799

Provincial Government	Unspent balance 2017	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / Prior period error	Unspent balance 2018
Transitional Grant	113,769	-	-	-	-	113,769
King William's Town: Grants Government	2,053	-	-	-	-	2,053
European Commission	1,044,957	69,571	-	-	-	1,114,528
Gompo Survey (DVRI Hydroponics)	98,532	-	-	-	-	98,532
Human Settlement Development Grant (HSDG)	-	109,905,110	(71,002,960)	-	-	38,902,150
Rehabilitation of Stoney Drift Landfill Site (DEDEAT)	199,168	-	-	-	-	199,168
Gompo & Mdantsane Art Centres (DVRI Arts Centre)	861	-	-	-	-	861
Pilot Housing Project	268,793	-	-	-	-	268,793
Reeston Development - Land Affairs	140,029	25,185	-	-	-	165,214
Mdantsane Urban Renewal Project (Mount Ruth Node)	10,226,501	629,932	-	-	-	10,856,433
Ikhwezi Block 1 Development	175,288	-	-	-	-	175,288
Mdantsane Upgrade - MD Assessment Study	189,165	-	-	-	-	189,165
Needscamp Planning	937,253	-	-	-	-	937,253
Department of Sports, Recreation, Arts and Culture (DSRAC)	208,821	-	-	-	-	208,821

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18. Unspent conditional grants and receipts (continued)

Subtotal	13,605,190	110,629,798	(71,002,960)	-	-	53,232,028
Other conditional grants	Unspent balance 2017	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / Prior period error	Unspent balance 2018
Amatole District Municipality Funding (ADM)	1,673,270	-	-	-	-	1,673,270
Buffalo City Metro Transport (BCMETS) Funding	487,499	-	-	-	-	487,499
VUNA Award	1,040,066	-	-	-	-	1,040,066
Friends of East London Zoo (Felzoo)	248,025	-	-	-	-	248,025
SALAIDA (Gavle)	1,750,800	169,352	(639,468)	(229,000)	-	1,051,684
Leiden	143,033	8,711	(77,470)	-	-	74,274
Umsobomvu Youth Fund	224,074	17,770	-	-	-	241,844
Glasgow Partnership	89,858	-	(89,858)	-	-	-
City of Oldenburg	540,950	36,168	(252,975)	-	-	324,143
Subtotal	6,197,575	232,001	(1,059,771)	(229,000)	-	5,140,805
Land Affairs	Unspent balance 2017	Current years receipts / interest allocated	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / Prior period error	Unspent balance 2018
Land Affairs - West Bank	91,204,869	6,561,941	-	-	-	97,766,810
Land Affairs - East Bank	79,084,327	5,290,825	-	-	-	84,375,152
Subtotal	170,289,196	11,852,766	-	-	-	182,141,962

19. Borrowings

At amortised cost

Annuity loans	398,126,111	445,767,676
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Non-current liabilities

At amortised cost	345,554,088	398,126,111
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Current liabilities

At amortised cost	52,572,023	47,641,565
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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.

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20. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision - Website and mailbox services	-	24,381	24,381
Landfill Sites	176,492,077	34,874,717	211,366,794
Staff bonus	-	824,441	824,441
	176,492,077	35,723,539	212,215,616

Reconciliation of provisions - 2017

	Opening Balance	Additions	Total
Landfill Sites	185,085,477	(8,593,400)	176,492,077
Non-current liabilities		10,459,392	10,114,962
Current liabilities		201,756,224	166,377,115
		212,215,616	176,492,077

With regards to the Provision for Landfill sites it is stated in the Department of Water Affairs and Forestry "Minimum Requirements for Waste Disposal by Landfill", Second Edition 1998, Chapter 2.3.4, that "All landfills except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be considered closed. Closure will involve, inter alia, the application of final cover, topsoil, vegetating, drainage maintenance and leachate management." Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 30 years. The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current rehabilitation cost to an estimated future cost which was then discounted to present value.

Assumptions used:

- Interest rate used is BCMM's borrowing rate at 9.91% (2017: 10.13%).

- The valuation for the landfill site provision in 2018 was done by Munitech (Pty) Ltd, a company which specialises in infrastructure maintenance and operations and municipal services, which includes solid waste collection and disposal. The company registration number is 1988/761/07 and the SAACE membership number is 439.

The expense relating to the provision is included under note 44: General Expenses - Other expenses.

The 2018 adjustment of R34 874 717 relates to an increase in the rehabilitation of landfill sites provision. The major portion of this increase can be attributed to the Roundhill Landfill site (2018: R29 729 109 / 2017: 0) which was considered to be a temporary site as at 30 June 2017, but as at 30 June 2018 was considered to be a permanent site to be rehabilitated.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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2017

21. Financial assets by category

2018

		Financial assets at amortised cost	Total
Trade and other receivables from exchange transactions	15	508,985,451	508,985,451
Other receivables from non-exchange transactions	13	736,998,960	736,998,960
Cash and cash equivalents	16	1,825,496,589	1,825,496,589
VAT receivable	14	127,982,442	127,982,442
		3,199,463,442	3,199,463,442

2017

		Financial assets at amortised cost	Total
Trade and other receivables from exchange transactions	15	456,365,082	456,365,082
Other receivables from non-exchange transactions	13	709,595,821	709,595,821
Cash and cash equivalents	16	1,690,101,970	1,690,101,970
VAT receivable	14	101,174,024	101,174,024
		2,957,236,897	2,957,236,897

Refer to note 56 - Risk management

22. Financial liability by category

2018

		Financial liabilities at amortised cost	Measured at fair value	Total
Accrued leave pay	24	77,722,616	-	77,722,616
Payments received in advance	24	126,723,055	-	126,723,055
Borrowings: Other financial liabilities	19	398,126,111	-	398,126,111
Trade and other payables	24	822,881,964	-	822,881,964
Consumer deposits	25	-	60,012,613	60,012,613
Other deposits	24	-	839,163	839,163
Unspent conditional grants	18	284,254,510	-	284,254,510
		1,709,708,256	60,851,776	1,770,560,032

2017

		Financial liabilities at amortised cost	Measured at fair value	Total
Accrued leave pay	24	81,698,478	-	81,698,478
Payments received in advance	24	111,562,015	-	111,562,015
Borrowings: Other financial liabilities	19	445,767,676	-	445,767,676
Trade and other payables	24	565,582,809	-	565,582,809
Consumer deposits	25	-	57,321,210	57,321,210
Other deposits	24	-	6,444,246	6,444,246
Unspent conditional grants	18	252,319,421	-	252,319,421
		1,456,930,399	63,765,456	1,520,695,855

Refer to note 56 - Risk management

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23. Deferred income (as previously disclosed)		
Deferred income	-	61,317,334
Prior period adjustment	55	
Balance previously reported	-	61,317,334
Adjusted	-	(61,317,334)
	-	-

Deferred income (as previously disclosed) relates to the increase of value on improvements done on property owned by BCMM i.e. Gillwell Taxi Rank, whereby the property has been leased to the developers for a period of 40 years. Further investigation indicated that the increase of property value should have been accounted for under fair value adjustment - investment property (see note 45).

24. Payables from exchange transactions

Trade payables	681,129,504	373,542,477
Payments received in advance	126,723,055	111,562,015
Retention monies	95,369,760	91,474,012
Accrued leave pay	77,722,616	81,698,478
Deposits received	839,163	6,444,246
Other creditors	46,382,700	100,566,320
	1,028,166,798	765,287,548

25. Consumer deposits

Electricity	36,285,976	35,131,606
Water	23,726,637	22,189,604
	60,012,613	57,321,210

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 R19 626 779 (2017: R19 034 117).

26. Revenue

Service charges	2,678,192,210	2,593,541,588
Rental of facilities and equipment	15,882,120	16,424,005
Licences and permits	14,249,685	14,225,199
Fees earned - BCMDA	123,740	202,224
Total other revenue	150,849,529	137,672,114
Interest received - investment	176,012,022	198,436,891
Property rates	972,679,954	858,852,363
Government grants & subsidies	1,819,159,969	1,564,576,623
Levies	57,512,912	51,241,865
Public contributions and donations - PPE	3,393,726	-
Fines	23,698,183	16,895,710
Fuel levy	467,978,000	410,031,000
	6,379,732,050	5,862,099,582

BUFFALO CITY METROPOLITAN MUNICIPALITY

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26. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	2,678,192,210	2,593,541,588
Rental of facilities and equipment	15,882,120	16,424,005
Fees earned - BCMMDA	123,740	202,224
Total other revenue	150,849,529	137,672,114
Interest received - investment	176,012,022	198,436,891
	3,021,059,621	2,946,276,822

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	972,679,954	858,852,363
Licences or permits	14,249,685	14,225,199

Transfer revenue

Government grants & subsidies	1,819,159,969	1,564,576,623
Levies	57,512,912	51,241,865
Donations received	3,393,726	-
Fines	23,698,183	16,895,710
Fuel levy	467,978,000	410,031,000
	3,358,672,429	2,915,822,760

Traffic fines are made up as follows:

Traffic fines movement	8,649,194	6,162,334
Revenue received	15,036,942	10,540,157

Revenue raised

23,686,136 16,702,491

Total fines outstanding at 30 June 2018 is R111 584 781 (R74 026 927 : 2017) after eliminating untraceable and collected fines. A probability factor of 25% (26% : 2017) collection of total outstanding fines was calculated which amounted to R27 896 195 (R19 247 001 : 2017). Refer to note 11.

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.

27. Service charges

Sale of electricity	1,661,074,270	1,670,815,883
Sale of water	436,642,001	452,690,201
Sewerage and sanitation charges	304,733,420	233,727,799
Refuse removal	249,496,723	211,459,007
Other service charges	26,245,796	24,848,698
	2,678,192,210	2,593,541,588

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28. Rental of facilities and equipment

Facilities and equipment

Rental of facilities 15,882,120 16,424,005

Municipality as lessor: Operating leases minimum future receivables

No later than one year 3,469,243 2,539,164

Later than one year no later than 5 years 13,137,841 9,757,691

Later than 5 years 331,740,675 449,579,917

348,347,759 461,876,772

29. Other revenue - (exchange)

Grazing fees 57,633 705,477

Fire brigade 45,458 75,193

Vehicle registrations 25,689,629 27,719,957

Street frontage and administration fees 210,735 315,509

Town planning and sub-division fees 3,723,989 1,978,556

Commission 23,276,472 23,860,300

Private works 3,757,440 3,923,933

Tender receipts 960,062 646,620

Coupons and clip tickets 563,412 594,344

Plan approval fees 13,070,859 8,628,933

Sale of scrap waste 2,956,040 2,787,625

Cold storage fees 1,089,303 877,034

Hire charges 24,128 15,384

Photocopies 114,632 94,409

Library 170,432 821

Insurance 3,835,212 2,566,739

Sale of plants and animals 9,213 3,962

Admission fees 2,863,818 2,871,384

Service connections and reconnections 45,415,264 37,666,242

Sundry income 12,693,817 12,972,011

Cemetery fees 10,321,981 9,367,681

150,849,529 137,672,114

30. Interest Received

Interest revenue

Call accounts with financial institutions 108,729,758 131,383,178

Bank 17,960,654 16,628,220

Interest charged on trade and other receivables 49,321,610 50,425,493

176,012,022 198,436,891

BUFFALO CITY METROPOLITAN MUNICIPALITY

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31. Property rates

Rates received

Residential	474,277,677	535,658,809
Commercial	466,691,322	309,322,274
Public Benefit Organisation	54,595	138,732
Educational	12,561,680	11,420,069
Agricultural	7,070,932	7,049,122
Public Service Infrastructure	1,178,488	1,237,058
Vacant land	43,934,354	34,826,626
Less: Income forgone	(33,089,094)	(40,800,327)
	972,679,954	858,852,363

Valuations

Residential	47,944,269,949	47,678,034,949
Commercial	17,684,155,647	17,758,363,747
Public Benefit Organisation	81,658,000	75,641,000
Rural Communal Land	3,552,303,000	2,870,482,000
Educational	1,681,587,000	1,663,446,000
Agricultural	2,828,176,840	2,911,542,840
Public Service Infrastructure	354,417,000	598,612,000
Vacant Land	1,087,914,730	3,312,213,401
	75,214,482,166	76,868,335,937

The Buffalo City Metropolitan Municipality is required, in terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) to undertake a General Valuation on land and buildings every 4 years and a supplementary valuation at least once a year. The second valuation in terms of MPRA was done in 2013 and the implementation date is 1 July 2014. The valuation date is 1 July 2013.

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 2017. 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 installments.

Tariffs levied: cents in the rand

Agricultural	0.002665	0.002431
Business	0.026649	0.024315
Educational	0.007462	0.006808
Public Service Infrastructure	0.002665	0.002431
Residential	0.010660	0.009726
Vacant Land	0.031979	0.029178
Public Benefit Organisations	0.002665	0.002431
Municipal Non-rateable	0.000001	0.000001
Municipal Residential	0.010660	0.009726
Municipal Business	0.026649	0.024315
Municipal Educational	0.007462	0.006808
Rural Communal Land	0.000001	0.000001
Specialized	0.000001	0.000001

BUFFALO CITY METROPOLITAN MUNICIPALITY

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31. Property rates (continued)

Municipal properties

Rateable Municipal Properties (leased properties and property sold by the entity of which occupation was given to the owner) to the property value of R9 396 000, were previously reflected on the valuation roll under the category of municipal properties. In terms of the definition of the owner in the Municipal Property Rates Act, 6 of 2004 a lessee of a municipal owned property and a buyer in case of a property sold by the entity, of which occupation was given to the buyer pending registration of the property, is regarded as the owner of the property.

These properties were therefore removed from a category of municipal property and placed on the relevant category based on the use of the property.

Buffalo City Metropolitan Municipality grants rebates in terms of the Municipality's rates policy to the following category of owners:

1) Newly developed commercial/ industrial properties with a value of R50 000 000 or above.

The rebate will be phased in over a period of 5 years, from the effective date of the valuation of the improved property in the municipality's valuation roll as follows:

Year 1 – 50%

Year 2 – 40%

Year 3 – 30%

Year 4 – 20%

Year 5 – 10%, thereafter, full rates will be payable.

2) A rebate/ discount of up to 75%, where the Municipality does not supply some or all of the following services:

Constructed public roads	15%	15%
Water supply	22.5%	22.5%
Refuse removal service	7.5%	7.5%
Electricity supply	15%	15%
Sewerage service	15%	15%
	75%	75%

3) A rebate to senior citizens if they meet certain requirements.

Senior citizens from 60 years and above qualify for up to 100% depending on their income level allocated as follows:

Gross monthly income (Rand)	Rebate
0 - 3000	100%
3001 - 4500	85%
4501 - 6000	70%
6001 - 7500	55%
7501 - 9000	40%
9001 - 10500	25%

4) Public Benefit Organisations (ex-Grant in Lieu of rates recipients) are granted rebates on application.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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31. Property rates (continued)

5) Section 17 of the MPRA lists other impermissible rates, where a entity may not levy a rate and the following were applied in the 2017/18 financial year:

Section 17(1)(a) - First 30% of the market value of public service infrastructure.

Section 17(1)(h) - R 15 000 on market value of residential properties.

Section 17(1)(i) - Properties registered in the name of and used for public worship by religious communities, including an official residence registered in the name of that community which is occupied by an office bearer of that community.

32. Grants and subsidies paid

Other subsidies

Buffalo City Metropolitan Development Agency	-	620,227
Mayoral Social Responsibility	949,663	546,533
Sponsored Sporting Events	28,281,696	33,141,756
Social Welfare Grant (Poor relief)	8,530,024	7,400,186
Other Organisations	1,568,872	1,464,682
	39,330,255	43,173,384

33. Government grants and subsidies

Operating grants

Government grants - operating projects	92,672,155	90,758,625
GMC Conditional grant - BCMDA	1,505,147	991,339
Other Government grants and subsidies	723,392,164	697,140,142
Government grants - housing projects	71,002,960	105,906,182
	888,572,426	894,796,288

Capital grants

Government grant (capital: PPE)	930,587,543	669,780,335
	1,819,159,969	1,564,576,623

34. Other revenue - (non-exchange)

Dog tax and penalties	785,765	807,481
BCDA winding	-	1,013,279
Fire levy	56,727,147	49,421,105
	57,512,912	51,241,865

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35. Employee related costs		
Basic emoluments	1,103,929,415	957,571,135
Bonus	446,841	472,779
Medical aid contributions	84,980,056	74,863,227
UIF	9,623,940	8,969,402
Workmen's compensation fund	43,347	-
SDL	124,451	84,680
Leave pay contributions (Leave pay provision charge)	28,192,586	38,624,386
Pension fund contributions	194,492,963	152,607,421
Overtime payments	148,874,886	125,337,497
Long-service awards	22,535,285	20,819,344
13th Cheques	77,149,199	69,714,878
Car allowance	28,328,123	25,717,017
Housing benefits and allowances	7,606,822	10,186,099
Essential user cost	26,137,261	23,661,596
Group life	7,002,118	6,618,073
Other allowances	59,429,681	69,606,220
Post-retirement medical obligation net cost	32,307,448	42,529,581
	1,831,204,422	1,627,383,335

Remuneration of City Manager

Annual Remuneration	1,324,609	382,033
Travel Allowance	312,000	45,000
Allowance	296,858	181,288
UIF	1,785	478
Medical Aid	26,431	2,130
Pension Contributions	263,384	59,256
	2,225,067	670,185

With regards to 2017, the position of the City Manager became vacant on 28 September 2016 and was filled on 01 June 2017. If the position was filled for the entire financial year the remuneration would have amounted to R2 101 101. Acting allowance to the value of R167 344 was paid in the 2016/17 financial year in respect of the vacant City Manager post.

Remuneration of Chief Finance Officer

Annual Remuneration	1,067,628	1,012,930
Travel Allowance	288,000	288,000
Allowance	146,482	122,893
UIF	1,785	1,785
Medical Aid	47,307	46,212
Pension Contributions	208,187	197,521
Group Life	19,990	18,875
	1,779,379	1,688,216

Remuneration of HOD: Executive Support Services

Annual Remuneration	1,063,487	1,004,237
Travel Allowance	242,766	242,765
Allowance	234,514	208,038
UIF	1,785	1,785
Medical Aid	24,337	23,201
Pension Contributions	191,946	180,763
Group Life	13,644	12,939
	1,772,479	1,673,728

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35. Employee related costs (continued)

Remuneration of HOD: Human Settlements

Annual Remuneration	227,241	-
Travel Allowance	70,448	-
Allowance	21,743	-
UIF	446	-
Medical Aid	11,309	-
Pension Contributions	40,903	-
Group Life	4,255	-
Housing Subsidy	2,390	-
	378,735	-

The position was filled on 01 April 2018.

If the position was filled for the entire financial year the remuneration would have amounted to R1 514 940. Acting allowance to the value of R114 633 was paid in the 2017/18 financial year in respect of the vacant HOD: Human Settlements position.

Remuneration of HOD: Corporate Services

Annual Remuneration	1,063,487	1,004,237
Travel Allowance	240,000	240,000
Allowance	216,699	196,621
UIF	1,785	1,785
Medical Aid	43,127	35,259
Pension Contributions	207,380	195,826
	1,772,478	1,673,728

Remuneration HOD: Health and Public Safety

Annual Remuneration	387,572	-
Allowance	171,641	-
UIF	744	-
Pension Contributions	71,268	-
	631,225	-

The position was filled on 01 February 2018.

If the position was filled for the entire financial year the remuneration would have amounted to R1 514 940. Acting allowance to the value of R44 903 was paid in the 2017/18 financial year in respect of the vacant HOD: Health and Public Safety position.

Remuneration of HOD: Infrastructure Services

Annual Remuneration	1,063,487	1,004,237
Travel Allowance	168,000	168,000
Allowance	295,195	269,876
UIF	1,785	1,785
Medical Aid	22,988	21,065
Pension Contributions	207,380	195,826
Group Life	13,644	12,939
	1,772,479	1,673,728

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35. Employee related costs (continued)

Remuneration of HOD: Development and Spatial Planning

Annual Remuneration	1,063,487	1,004,237
Travel Allowance	192,000	192,000
Allowance	271,887	243,533
UIF	1,785	1,785
Medical Aid	26,843	27,720
Pension Contributions	207,380	195,826
Group Life	9,097	8,627
	1,772,479	1,673,728

Remuneration of HOD: Municipal Services

The position was vacant for 2017/18.

If the position was filled for the entire financial year the remuneration would have amounted to R1 514 940. Acting allowance to the value of R133 914 was paid in the 2017/18 financial year in respect of the vacant HOD: Municipal Services position.

Remuneration of HOD: Economic Development & Agencies

Annual Remuneration	467,921	-
Travel Allowance	133,429	-
Allowance	152,227	-
UIF	892	-
	754,469	-

The position was filled on 01 February 2018.

If the position was filled for the entire financial year the remuneration would have amounted to R1 514 940.

BCMDA - Remuneration of Chief Executive Officer- Appointed 20 April 2016 - 30 September 2017

Annual Remuneration	393,257	1,463,975
Car Allowance	60,000	240,000
Contributions to UIF, Medical and Pension Funds	45,273	168,525
Ex-Gratia payment	72,000	-
	570,530	1,872,500

BCMDA - Remuneration of Chief Executive Officer- Appointed 01 October 2017

Annual Remuneration	1,429,797	-
Performance Bonuses	110,250	-
Contributions to UIF, Medical and Pension Funds	146,542	-
	1,686,589	-

BCMDA - Remuneration of Chief Financial Officer- Appointed 01 October 2016

Annual Remuneration	1,094,889	956,679
Car Allowance	168,000	168,000
Performance Bonuses	97,145	-
Contributions to UIF, Medical and Pension Funds	126,686	111,232
	1,486,720	1,235,911

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35. Employee related costs (continued)

BCMDA - Remuneration of Company Secretary/Legal Advisor- Appointed 18 July 2017 - 30 April 2018

Annual Remuneration	713,025	742,113
Performance Bonuses	71,531	-
Contributions to UIF, Medical and Pension Funds	78,127	47,369
	862,683	789,482

BCMDA - Corporate and human resources (corporate services) - Appointed 01 June 2016

Annual Remuneration	1,082,247	986,011
Performance Bonuses	83,250	-
Contributions to UIF, Medical and Pension Funds	108,820	97,518
	1,274,317	1,083,529

BCMDA - Development facilitation - Appointed 01 July 2016

Annual Remuneration	1,130,406	986,011
Performance Bonuses	86,954	-
Contributions to UIF, Medical and Pension Funds	113,583	-
	1,330,943	986,011

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36. Remuneration of councillors

Executive Mayor	789,099	735,332
Deputy Executive Mayor	637,293	595,007
Mayoral Committee Members	5,828,524	4,542,575
Speaker	637,293	595,007
Chief Whip	601,134	552,270
Councillors salaries	25,343,192	24,727,347
Councillors pension contribution	4,135,819	3,400,255
Councillors housing subsidy	2,260,632	2,801,464
Councillors medical Aid	2,070,347	1,717,336
Travel allowance	13,122,948	13,047,476
Cellphone Allowance	4,046,739	2,309,234
BCMDA - Board members	899,712	458,977
	60,372,732	55,482,280

BCMDA - Board members - 2018

	Other benefits	Reimbursive costs	Board Remuneration	Total
S Kondlo	1,050	1,009	73,000	75,059
C Sangqu	1,050	8,064	165,000	174,114
J Badenhorst	1,050	3,032	177,500	181,582
N Petela - Ngcanga	1,050	10,705	121,875	133,630
M Pango	1,050	3,988	170,875	175,913
L Simon - Ndzele	-	524	-	524
T Bonakele	1,050	1,215	156,625	158,890
	6,300	28,537	864,875	899,712

BCMDA - Board members - 2017

	Other benefits	Board Remuneration	Total
S Kondlo	-	93,841	93,841
V Ncwaiba	-	36,611	36,611
C Sangqu	-	96,009	96,009
V Zitumane	-	16,000	16,000
J Badenhorst	-	62,912	62,912
N Petela - Ngcanga	-	8,713	8,713
M Pango	-	53,518	53,518
L Simon - Ndzele	454	-	454
T Bonakele	-	90,919	90,919
	454	458,523	458,977

Other than the data allowance paid to Directors on a quarterly basis, there were no other benefits paid to the Directors.

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 R18 867 918 (2017: R14 670 995).

The House Keeper's cost to Council amounts to R300 872 (2017: R19 414).

The Executive Mayor, Deputy Executive Mayor and Speaker each have the use of a Council owned vehicle for official duties. Repairs to the vehicles amounts to R386 444 (2017: R225 144). An amount of R892 225 (2017: R1 030 361) was incurred for hired vehicles.

The Executive Mayor, Deputy Executive Mayor and Speaker each have full-time bodyguards. Cost of 14 bodyguards amounts to R10 221 059 (2017: R11 258 124).

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2018	2017
37. Repairs and maintenance		
Repairs and maintenance	355,293,553	378,998,232
The above repairs and maintenance are made up of the below categories		
Infrastructure	289,909,578	335,431,103
Community assets	26,420,609	17,753,418
Other assets	38,963,366	25,813,710
	355,293,553	378,998,231
38. Depreciation and amortisation		
Property, plant and equipment	981,269,716	798,371,894
Intangible assets - amortisation (Refer note 5)	6,640,536	9,086,765
	987,910,252	807,458,659
39. Impairment of assets		
Impairments		
Investment property	4,950,000	-
This impairment relates to numerous acts of vandalism on the Jan Smuts Stadium.		
40. Finance costs		
Non-current borrowings	43,935,228	49,359,417
Bank	5,012	6
Other interest paid (Arrears salaries)	19,552	-
	43,959,792	49,359,423
41. Debt impairment		
Contributions to debt impairment allowance account	310,385,034	203,883,071
42. Bulk purchases		
Electricity	1,345,951,511	1,360,783,502
Water	206,536,912	197,730,305
	1,552,488,423	1,558,513,807
43. Contracted services		
Information Technology Services	330,883	297,385
Operating Leases	552,301	508,141
Specialist Services	450,540	167,692
Other Contractors	1,873,703	62,912
	3,207,427	1,036,130

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

44. General expenses

	2018	2017
Advertising	12,976,946	8,257,421
Assessment rates & municipal charges	19,439,844	20,345,564
Auditors remuneration	13,479,474	13,644,329
Bank charges	4,955,249	9,027,948
Cleaning	528,645	391,884
Commission paid	39,328,655	22,588,230
Bursaries	100,000	-
Consulting and professional fees	25,628,151	27,095,136
Consumables	36,134,227	25,497,278
Entertainment	10,309,726	5,722,864
Fines and penalties	58,185	6,398
Hire (Labour and plant)	5,841,896	291,825
Insurance	19,911,145	19,579,107
Conferences and seminars	4,501,159	7,581,438
IT expenses	38,514,118	36,933,966
Marketing	2,832,548	5,437,158
Levies	15,832,040	15,931,036
Magazines, books and periodicals	972,914	1,158,853
Motor vehicle expenses	4,350,948	4,056,727
Fuel and oil	45,492,107	35,714,534
Postage and courier	6,169,750	6,478,919
Printing and stationery	7,875,683	9,689,098
Promotions	964,132	381,268
Projects	265,987,094	259,905,866
License fees	2,243,126	3,509,226
Special events	7,350,306	17,023,547
Security (Guarding of municipal property)	761,199	374,677
Subscriptions and membership fees	14,386,700	12,848,655
Telecommunication costs (telephones, faxes and cell phones)	24,554,422	22,132,437
Training	8,627,538	28,862,017
Travel - local	16,236,577	8,077,353
Travel - overseas	1,023,049	1,982,201
Title deed search fees	132,980	142,755
Utilities	148,231	129,289
Uniforms	9,412,861	8,782,112
Lease rentals on operating lease	114,659,970	112,923,680
Placement fees	172,166	529,501
Remuneration to WARD Committees	6,780,343	673,479
Corporate activities	78,111	-
Disconnections	11,124,523	11,638,639
Other expenses	64,361,067	60,617,353
	864,237,805	825,963,768

45. Fair value adjustments and discounting of receivables and payables

Investment property (Fair value model)	36,725,077	61,317,334
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	-	4,968,023
	36,725,077	66,285,357

46. Auditor General remuneration

Audit fees	13,479,474	13,644,329
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BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2018	2017
47. Taxation		
Major components of the tax (income) expense		
Current		
Local income tax - current period	(538,253)	638,439
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting (deficit) surplus	(2,325,382)	2,273,738
Tax at the applicable tax rate of 28% (2017: 28%)	(651,107)	636,647
Tax effect of adjustments on taxable income		
Fines and penalties	16,292	1,791
Deferred tax effect - temporary differences	96,562	-
	(538,253)	638,438

BCMDA is owned by the BCMM which is not subjected to income tax. Management of BCMDA is making representations to SARS seeking exemption for the entity to pay income tax. However, in the mean time a provision has been made for income tax.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		2018	2017
48. Cash (utilised by)/ generated from operations			
Surplus		365,536,076	359,272,135
Non cash movements:			
Depreciation and amortisation	38	987,910,252	807,458,659
Loss on sale of assets	4	2,499,363	36,364,770
Write off of Intangible assets		14,316	-
Share of profit of associate	7	(11,534,322)	(19,142,493)
Fair value adjustment on Investment property revalued	45	(36,725,077)	(66,285,357)
Impairment deficit	39	4,950,000	-
Debt impairment	41	310,385,034	203,883,071
Movements in operating lease assets and accruals	9	(3,562)	71,858,183
Movements in retirement benefit assets and liabilities	10	10,676,406	22,182,317
Movements in provisions	20	35,723,539	(8,593,400)
Movement in tax receivable and payable	49	-	702,236
PPE (Transfers / Adjustments)	4	(24,091,596)	(27,221,816)
Difference in revaluation recognised in PPE and SoCNA	4	-	3,289,565
Opening balance adjustments on Investment property 2017	3	-	5,536,271
Deferred tax asset	8	(538,253)	(63,798)
Non cash PPE additions	4	(3,393,725)	-
Difference in depreciation and impairment reversal on PPE	4	-	711,361
Derecognition of Investment property	3	-	6,503,260
Non-cash intangible asset transfer	5	(18,213,953)	71,374,228
Non-cash heritage asset transfer	6	-	(146,950)
Opening balance adjustments on PPE 2017	4	-	(7,526,184)
Prior year adjustments	55	-	(398,687,305)
Opening balance adjustments on Investment in associates	7	-	21,960,198
Changes in working capital:			
Inventories	11	(4,220,046)	(2,539,275)
Receivables from exchange transactions - BCMDA	12	81,443	(183,206)
Movement in Receivables from exchange transactions	15	(363,005,403)	(212,194,664)
Other receivables from non-exchange transactions	13	(27,403,139)	(1,619,217)
Payables from exchange transactions	24	262,879,250	(315,708,561)
Movement in VAT receivables	14	(26,808,418)	(4,326,262)
Unspent conditional grants and receipts	18	31,935,089	41,053,026
Consumer deposits	25	2,691,403	3,613,140
		1,499,344,677	591,523,932

49. Current tax payable

Opening balance	702,236	-
Normal tax	-	702,236
Closing balance	702,236	702,236

BCMDA was registered for Income Tax on 01 July 2016.

During the current financial year there is a calculated assessed loss to be confirmed by SARS of R344 863

BUFFALO CITY METROPOLITAN MUNICIPALITY

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50. Operating leases - as lessee (expense)

Minimum lease payments due - Buildings

- within one year	13,327,664	3,568,429
- in second to fifth year inclusive	13,546,076	3,014,541
	26,873,740	6,582,970

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.

Minimum lease payments due - Print Machines

- within one year	6,265,263	-
- in second to fifth year inclusive	9,666,220	-
	15,931,483	-

Operating lease payments represent rentals payable by the entity for certain of its print machinery.

Leases are negotiated for an average term of three years and there is no rental escalation.

No contingent rent is payable.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2018	2017
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51. Commitments

Authorised capital expenditure

Already contracted for but not provided for - Property, plant and equipment

• Community (including housing)	350,099,255	423,960,160
• Infrastructure	684,938,681	890,161,795
• Other	4,262,168	17,897,723
	1,039,300,104	1,332,019,678

Authorised operational expenditure

Already contracted for at 30 June 2018

• Operating lease - Premises	525,935	482,990
• Operating lease - IT Equipment	49,776	92,614
• Hosting of internet and website services	467,266	26,463
• Procurement of financial management system	-	43,363
• System Upgrade to mSCOA compliance	488,635	1,039,944
• Provision of precinct designs and implementation services	3,353,214	4,844,794
• Procurement of an electronic document management systems	1,500,000	-
	6,384,826	6,530,168

Total operational commitments

Already contracted for at 30 June 2018	6,384,826	-
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This committed expenditure relates to Infrastructure, Community and other Property, Plant and Equipment.
The above amounts exclude VAT.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	569,325	525,649
- in second to fifth year inclusive	7,187	42,745
	576,512	568,394

Operating lease payments represent rentals payable by the Agency in relation to office accommodation and a multipurpose printer/copier. Office accommodation lease is for a period of a year with an option to renew. The option to renew was exercised and agreement will now expire in April 2019. Printers/copiers rental agreement is for a period of three years with no escalation clause.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2018	2017
52. Contingent liabilities		
Litigation issues		
Claims have been instituted against Council due to alleged assault and defamation. Legal advice has been sought and Council will defend claim. (Resolved)	-	500,000
Claims have been instituted against Council due to alleged outstanding payments, contractual disputes and various damage claims.	-	5,620,082
A claim has been instituted against Council by Dalwick Trading in respect of alleged breach of contract. The contractor presented BCMM with a letter of appointment regarding a 2010 Legacy Project but there is no record within BCMM of the contractor tendering or being awarded the contract (Date of incident August 2008 and summons received by BCMM November 2010). (Resolved)	-	1,563,415
A claim has been instituted against Council by M.Sithole for damages suffered as a result of his appointment as Municipal Manager being rejected by Council (Date of incident August 2009 and summons received by BCMM June 2011). (Resolved)	-	1,382,118
A claim has been instituted against Council by RJW Ikusasa JV due to cancellation of a contract to lay a bulk sewer pipe due to non performance (Summons received by BCMM November 2007).	190,000	9,780,185
A claim has been instituted against Council by Tshiki & Sons Inc seeking a court order to compel Council to pay fees allegedly due in respect of Conveyancing work done on Council's behalf (Date of incident September 2011 and letter of demand received by BCMM June 2014).	16,000,000	11,993,894
A claim has been instituted against Council by Nurcha Development & Tusk Construction for alleged breach of contract (Cession agreement signed by the Contractor New Boss CC) (Date of incident June 2011 and summons received by BCMM January 2012).	2,900,000	1,921,831
A claim has been instituted against Council by Mkwanzazi Construction (Pty) Ltd claiming for damages arising from alleged delays and disruptions in the construction project (Date of incident October 2011 and summons received by BCMM April 2012). (Resolved)	-	36,861,290
Contracts awarded during Dr. Zitha's tenure as Acting Municipal Manager were investigated by forensic auditors. The forensic investigation has been completed and a final report has been submitted to Council. Council is to decide on the outcome of the report.	-	20,474,866
A claim has been instituted against Council by Reigerton Farms for Gonubie Main Road (Letter of demand received April 2013).	6,503,600	15,812,736
A claim has been instituted against Council by Ranamane Mokalanane Incorporated for professional fees owed for services rendered by them (Date of incident April and May 2010 and summons received March 2013).	2,400,000	2,724,871
A claim has been instituted against Council by Ursa Give JV for work allegedly completed by them for BCMM (Date of incident March 2014 and summons received December 2014).	-	1,171,701
A claim has been instituted against Council by Primelands Properties for cancellation of a tender awarded to them by BCMM (Letter of demand received July 2014). The amount disclosed in the 2014/2015 financial year was as per the letter of Demand received by BCMM which was R14,400,000. When Primelands issued the Summons in the 2015/2016 financial year the amount was 17,465,502 and the contingent liability has been amended to reflect the amount on the Summons.	-	17,465,502
A claim has been instituted against Council by THM Engineers & Others for payment of additional fees relating to a contract to construct toilets (Date of incident May 2014 and summons received October 2014).	1,157,925	1,157,925
A claim has been instituted against Council by Adalwa Trading cc for unlawful termination of contract and non-payment for services rendered (Date of incident June 2015 and summons received September 2015).	64,251	11,425,000
Fijitsu Services // BCMM. Claim for services rendered. Matter abandoned by the plaintiff	209,700	-
Linda Styles. Arbitration matter is pending by bargaining council	58,368	-
T.L Mene. Review application regarding unfair labour practice	100,000	-
Ayabulela Ngoqo. Interdict and review application	40,000	-
C&M Fastners CC//BCMM - Review of Tender No. ED402	66,173	-

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Figures in Rand	2018	2017
52. Contingent liabilities (continued)		
SIU/ Masiqhame Trading. SIU is recovering funds from service provider on behalf of BCMM	59,325	-
BCDA-Marina Glen a-site. Advice on rights and duties regarding failed tender on development of Marina Glen	267,086	-
Objection to award, tender number 61. Electrical tender for settlement.	53,641	-
BCMM - Erf 5942. Application for demolition of non compliant area of a building	805,976	-
BCMM - Masiqhame Trading 520 cc. SIU is recovering funds from service provider on behalf of BCMM	59,325	-
Arbitration: Skeyi and 2 others. Applicant has referred the arbitration awarded to BCMM favour to labour court for review	42,427	-
Erf 3718, Bhisho. Illegal operation of a spaza shop	23,904	-
Erf 3700, Bhisho. Illegal operation of a spaza shop	86,086	-
MEC: Public Works vs BCMM. BCMM is still in the process of joining in this matter.	300,000	-
Velwano beneficiary registration // BCMM. BCMM build RDP houses on property by claymants	20,000,000	-
Zolile Vumazonke // BCMM. Application for payment of outstanding leave gratuity	300,000	-
HEMIPAC // BCMM. Review application of award of a tender for office space	1,000,000	-
Fynbos Land Invasion. Interim order granted for BCMM to evict illegal occupants	500,000	-
Air Product South Africa // BCMM - Air Products (Pty)Ltd instituted arbitration proceedings against BCMM for breach of contract in respect of argon gas equipment that BCMM's Scientific Section rented Air Products (Pty) Ltd.	164,922	-
Unfair Labour Practice Dispute has been instituted against Council by C. Krause in relation to occupational detriment dispute and termination of fixed term contract.	1,500,000	1,500,000
BCMM v Mbata - labour court. Application by BCMM for review and setting aside of arbitration award	400,000	-
BCMM v Mbata - High court. Summons issued against Mr Mbata i.r.o Buyelekhaya 2014 festival	200,000	-
BCMM v Imatu on behalf of G. Hassan. Review application for setting aside a settlement agreement	200,000	-
BCMM v SAMWU on behalf of N. Dyakala. Review of arbitration award for dismissed employee	200,000	-
BCMM v SAMWU on behalf of K. Mapeyi. Review of arbitration award for dismissed employee	200,000	-
SAMWU obo members/ BCMM and F Gomba. Application to declare external advert by BCMM unlawfully.	200,000	-
Imatu Obo Kara and 13 others v BCMM. Claim for additional responsibility allowance	1,500,000	-
Absa Technology Finance Solutions (Pty) Ltd // BCMM. Claim for payment and BCMM is defending summons	210,137	-
NAKISKA Holdings // BCMM. Claim against the municipality for overcharging electricity	20,927	-
BCMM / Memon. BCMM sought an order interdicting the respondent from continuing business operations in a property not designated for the conduct of business.	106,034	-
CERIMELE-UKHOZI JV // BCMM, RANDCIVILS. Application to compel the production of tender documents	100,000	-
Massbuild limited. Contractual damages claim.	440,791	-
Ballenden & Robb (PTY) Ltd / BCMM. Application for tender documents.	50,000	-
Sawubona Advertising CC / BCMM. Claim in contract for advertising services provided	300,892	-
Dormell Properties 697 (Pty) Ltd// BCMM. Claim for outstanding capital for media services during 2010 world cup	13,000,000	-
Metgovis// BCMM. Claim for unjustified enrichment for software reportedly used by BCMM	650,000	-
City Square// BCMM. Claim for services rendered being defended by BCMM	4,439,196	-
Xaba Promotions. Review of application for non award of sponsorship in 2016	800,000	-
ASLA Construction (Pty) Ltd. Review to set aside reeston contract	18,610,008	-
BCMM vs The Owner of Erf 56783 Interdict of illegal operations	19,502	-
BCMM vs Owner of Erf 4114. Interdict of illegal operations	50,000	-
BCMM vs Owner of Erf 13678. Illegal operation of a spaza shop in a property rezoned as residential property	50,000	-
BCMM vs Owner of Erf 7249 & 7250. Illegal Land Use	50,000	-
BCMM vs Owner of Erf 8587 & 8590. Interdict of illegal operations	50,000	-

BUFFALO CITY METROPOLITAN MUNICIPALITY

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Figures in Rand	2018	2017
52. Contingent liabilities (continued)		
Phumelela Africa Professional Engineers t/a Phumaf Consulting Engineers // BCMM. Plaintiff claiming damages for alleged breach of contract.	2,518,892	-
	99,219,088	141,355,416
Labour Issues		
"Directors bonuses. The liability for the 2016/2017 financial year was calculated from 2012/2013 to 2016/2017 whereas the liability for the 2017/2018 financial year was calculated from 2012/2013 to 2017/2018."	7,978,898	6,160,574
Labour disputes which have resulted in possible claims by employees.	5,423,387	6,468,837
Unfair Labour Practice Dispute has been instituted against Council by Senior Finance Employees in relation to Scarce Skills Allowance back dated to 01 March 2012.	12,000,000	12,000,000
	25,402,285	24,629,411
Insurance Issues		
Claims have been instituted against Council due to alleged assault, unlawful/wrongful arrest, defamation and various personal injury claims. Legal advice has been sought and Council will defend claims where so advised.	5,688,308	6,699,257
Claims have been instituted against Council due to various damage claims.	1,908,586	3,516,245
A claim has been instituted against Council by T. Bejia and D.H.E. Bejia in respect of personal injury and vehicle damages caused by a pothole (Date of incident July 2012 and claim received by BCMM December 2012).	7,001,517	7,001,517
A claim has been instituted against Council by S. Tsolekile in respect of personal injury caused by tripping in an open manhole (Date of incident January 2013 and Summons received by BCMM November 2013). (Resolved)	-	4,000,000
A claim has been instituted against Council by A.N. Ndzamela in respect of financial loss caused by the incorrect approval of a plan (Date of incident October 2007 and claim received by BCMM August 2014). (Resolved)	-	1,500,000
A claim has been instituted against Council by N.E. Sokoyi in respect of the death of her son caused by an electrical cable (Date of incident November 2012 and claim received by BCMM November 2015). (Resolved)	-	1,400,000
A claim has been instituted against Council by N. Ndamase in respect of injury to her son caused by collapsed floodlight mast (Date of incident October 2015 and claim received by BCMM May 2016). (Resolved)	-	1,100,000
A claim has been instituted against Council by H. Dirker in respect of injury caused by a waterslide (Date of incident December 2013 and claim received by BCMM March 2016).	4,000,000	4,000,000
A claim has been instituted against Council by M. Noland, E. Johannes, C.A. Fraser, G. Peacock, R. Windvogel, A. Gomo and R. Hurling in respect of an alleged shooting incident (Date of incident May 2016 and claim received May 2016).	1,400,000	1,400,000
A claim has been instituted against Council by D. Mangaliso in respect of injury to her son caused by falling into a sewage water pit (Date of incident June 2016 and claim received by BCMM August 2016).	900,000	900,000
A claim has been instituted against Council in the 2016 financial year by N.F. Magade in respect of the death of her child caused by an electrical cable (Date of incident June 2016 and claim received by BCMM September 2016).	10,200,000	1,000,000
A claim has been instituted against Council in the 2016 financial year by Z. Maholwana in respect of injury caused by falling into an open manhole (Date of incident November 2016 and claim received by BCMM January 2017).	1,600,000	1,600,000
A claim has been instituted against Council in the 2015 financial year by S. Sithole in respect of injury caused by a sliding gate that fell on her (Date of incident March 2015 and Summons received by BCMM September 2016).	3,800,000	3,800,000
A claim has been instituted against Council by X.P. Mlombo-Cibi in respect of personal injury caused by falling into an open manhole. (Date of incident October 2016 and Summons received by BCMM December 2017).	1,204,500	-
A claim has been instituted against Council by X. Nkence in respect of personal injury caused by falling into an open manhole. (Date of incident November 2016 and Summons received by BCMM December 2017).	1,500,000	-

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52. Contingent liabilities (continued)		
A claim has been instituted against Council by N. Rubushe in respect of the death of her child caused by an electrical cable (Date of incident July 2015 and Summons received by BCMM May 2018).	2,490,000	-
A claim has been instituted against Council by N.T. Danisa in respect of personal injury caused by falling on uneven road surface. (Date of incident August 2017 and claim received by BCMM July 2018).	1,500,000	-
A claim has been instituted against Council by K. Solombela in respect of personal injury caused by falling into an open manhole. (Date of incident February 2018 and claim received by BCMM March 2018).	1,500,000	-
A claim has been instituted against Council by A. Baninzi in respect of alleged assault and wrongful arrest (Date of incident December 2017 and claim received by BCMM May 2018).	5,000,000	-
A claim has been instituted against Council by Z. Ngcaba in respect of the death of her child caused by drowning in a dam. (Date of incident February 2018 and claim received by BCMM May 2018).	2,500,000	-
A claim has been instituted against Council by L. Zitumane in respect of personal injury as a result of falling off his motorcycle due to a pothole. (Date of incident May 2018 and claim received by BCMM June 2018).	2,500,000	-
A claim has been instituted against Council by A. Siwisa and C. Mdabula in respect of the death of their child caused by electrocution by a transformer (Date of incident February 2017 and claim received by BCMM June 2018).	6,000,000	-
A claim has been instituted against Council by S. Sifumba in respect of personal injury caused by falling into an open drain. (Date of incident January 2018 and claim received by BCMM August 2018).	1,500,000	-
A claim has been instituted against Council by N. Toto in respect of the death of her child caused by drowning in a sewerage dam. (Date of incident December 2016 and claim received by BCMM August 2018).	1,000,000	-
	63,192,911	37,917,019
Total Contingent Liabilities	187,814,284	203,901,846

BUFFALO CITY METROPOLITAN MUNICIPALITY

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53. Contingent assets

A counterclaim of R13 000 000 (2017: R27 140 802) has been instituted by Council against Dormell Properties trading as Alliance Communications for repayment of amounts paid to them relating to the forensic investigation on Dr Zitha's appointments.

BCMM purchased property in the amount of R762 440 (2017: R762 440) from Roger Rodney Smith who has now instituted a claim against Council for the sale to be reversed. If successful, BCMM will be refunded the amount.

Summons in the amount of R492 050 (2017: R492 050) have been issued to parties to recover costs incurred relating to a forensic investigation undertaken in respect of services rendered for waste sites.

A claim of approximately R515 946 (2017: R515 946) has been instituted by Council against ASBF Marking, Imigudu Joint Venture and Others due to contractor disputes whereby the contractor defaulted from their obligations in terms of the contract.

A claim in reconvention of R0 (2017: R7 327 965) has been instituted by Council against Phumelela Africa Professional Engineers t/a Phumaf Consulting Engineers (Pty) Ltd for repayment of amounts paid to them as the procurement processes were not followed.

A claim a of R48 687 (2017: R48 687) against Jikwana for payment of taxed costs in favour of BCMM.

A claim a of R33 714 (2017: R33 714) against Erf 14719 Zilmar Court Yard for payment of taxed bill of costs in favour of BCMM.

A claim a of R29 635 (2017: R29 635) against E.& J.M Randall for payment of taxed bill of costs in favour of BCMM.

A claim of R266 872 (2017: R266 872) against Rennies Travel (Pty) Ltd for the overpayment of services rendered to BCMM by Rennies Travel.

A claim a of R22 049 (2017: R22 049) against Johannes Jacobus Josia De Goede and Another for payment of taxed bill of costs in favour of BCMM.

A claim a of R90 000 (2017: R90 000) against Diko for payment of taxed bill of costs in favour of BCMM.

A claim of R7 910 305 (2017: R0) against Masiqhame Trading for the overpayment of services rendered to BCMM by Masiqhame Trading.

Certain bridges have been identified as existing within the demarcated area of Buffalo City Metropolitan Municipality, however have not been recognised in the financial records of the institution as it is not certain whether they are the responsibility of the Municipality. The Municipality is of the view that these bridges are the responsibility of the National and Provincial Department of Roads and Public Works, however as confirmation of this has not yet been received it is considered prudent to disclose the items.

The list of bridges are as follows:

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53. Contingent assets (continued)

Location Address	Reference	Road Number or Street
Transnet	B16	Pontoon Road
SANRAL (Over the N2)	B24	Row Street
SANRAL (Over the N2 Abattoir)	B25	Abattoir Road
Privately owned next to Boxer	B58	Douglas Smit Highway
SANRAL on the N2	BE B14 BE B15	NR00215 (N2)
Province R63	BE B25/1 to BE B27/1	NR05601 (R63)
Provincial on R72 (SANRAL)	BE B5 to BE B9	TR04504 (R72)
Province on R63	DIM B13	TR05703 (R63)
Private	DIM B7	Private Road 583

The estimated carrying value of these bridges are R55 322 631 (2017: R55 322 631)

The Demarcation board pronounced new demarcations prior to 4th August 2016 elections, thereby allocating new assets from other municipalities to BCMM. Municipalities that are to transfer assets to BCMM are; Amathole District Municipality, Amahlathi Local Municipality, Great Kei Local Municipality and Ngqushwa Local Municipality. All four municipalities carry their assets at cost, while BCMM carries infrastructure assets at revaluation.

To be able to give a fair estimation of the value of the assets, BCMM was required to verify existence of each item being transferred, assess its condition, then determine its value based on revaluation model.

BCMM is not able to account for these items as part of their assets as they have not been verified due to late submission of information and unreliable and inaccurate data provided by transferring municipalities.

Estimated values of assets to be transferred to BCMM are as follows;

Municipality	Asset type	Estimated Value
Amathole District Municipality	Water Supply Network	35,539,241
Great Kei Local Municipality	Roads	102,021,371
Ngqushwa Local Municipality	Roads	1,665,118
Ngqushwa Local Municipality	Community facilities	5,193,057
Amahlathi Local Municipality	Roads	169,309
		144,588,096

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54. Related parties

Controlled entities

Buffalo City Metropolitan Development Agency SOC Ltd

Associates

Refer to note 7

Members of key management

Mr GB Qotywa (Resigned September 2017)

Mr B Nelana (Appointed 01 October 2017)

Ms V Ntsodo

Mr X Jikela

Dr E Uithaler

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 R23 100 000 (VAT inclusive) to BCMDA during the current financial year (2017: R18 115 739 - VAT inclusive).

BCMDA has trade receivables of R0 and trade payables of R116 285 which relates to transactions with BCMM.

BCMDA has paid no consumer accounts during the current financial year.

There are no share based payments in respect of BCMDA.

There are no post-employment benefits for key personnel in respect of BCMDA.

BCMM paid an amount of R2 953 301 (2017: R317 628) VAT inclusive in respect of grass mowing, municipal services and office rental for the 2017/18 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	6
Audit Committee	Shared with the parent municipality	6
Executive management	Agency management	4
Councillors	Shareholder representative	1

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55. 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

2017

Accumulated surplus prior to 2017	Note	Error reference	As previously reported	Correction of error	Restated
Opening balance	4	a	(10,153,317,376)	-	(10,153,317,376)
Receivables from non-exchange transaction - Property rates	13	f,j	-	133,034,112	133,034,112
PPE - Various	4	h	-	43,208,066	43,208,066
PPE - WIP	4	m,n	-	29,491,006	29,491,006
Investment property	3	i	-	10,882,018	10,882,018
Non-current portion of operating leases	9	s	-	72,081,541	72,081,541
Receivables from exchange transaction - Housing rental	15	j	-	(29,163)	(29,163)
Receivables from exchange transaction - Water	15	j	-	102,329,219	102,329,219
Investment in associates	7	t	-	21,960,198	21,960,198
Receivables from non-exchange transaction - Other debtors	13	j	-	1,028,259	1,028,259
Receivables from non-exchange transaction - Provision for impairment	13	f,j	-	(15,297,951)	(15,297,951)
			(10,153,317,376)	398,687,305	(9,754,630,071)
Revaluation reserve		Error reference	As previously reported	Correction of error	Restated
Opening balance 2017	4		(6,972,904,509)	-	(6,972,904,509)
PPE - Electricity	4	a	-	26,011,668	26,011,668
PPE - Community buildings	4	a	-	(2,064,999)	(2,064,999)
PPE - Roads	4	a	-	13,825,114	13,825,114
PPE - Wastewater network	4	a	-	12,575,352	12,575,352
PPE - Water network	4	a	-	1,239,840	1,239,840
PPE - Recreational facilities	4	a	-	(4,138,260)	(4,138,260)
PPE - Other properties	4	a	-	356,739	356,739
			(6,972,904,509)	47,805,454	(6,925,099,055)

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55. Prior-year adjustments (continued)

2017

	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
PPE - Other properties	4	g	803,877,581	34,278,947	-	838,156,528
PPE - Electricity	4	g	3,129,010,739	6,498,424	-	3,135,509,163
PPE - Furniture and Fittings	4	c,g,h	16,045,448	5,805,298	-	21,850,746
PPE - Office equipment	4	c,g,h	20,624,959	1,495,839	-	22,120,798
PPE - WIP	4	b,e,g,l,m,n	2,397,063,953	(306,611,435)	-	2,090,452,518
PPE - Community buildings	4	g,p	910,840,846	30,169,168	-	941,010,014
PPE - Motor vehicles	4	g	263,488,420	(342,524)	-	263,145,896
PPE - Plant and equipment	4	h	32,418,776	654,425	-	33,073,201
PPE - Roads	4	g	4,332,196,668	36,805,766	-	4,369,002,434
PPE - Recreational facilities	4	g	245,162,828	7,292,175	-	252,455,003
PPE - Wastewater network	4	g	1,360,322,108	(18,991,755)	-	1,341,330,353
PPE - Water network	4	g	2,094,318,716	82,050,878	-	2,176,369,594
Receivables from non-exchange transaction - Property rates	13	j	577,335,303	(194,446,868)	-	382,888,435
Receivables from exchange transactions - Water	13	j	575,265,187	(102,329,219)	-	472,935,968
Receivables from exchange transactions - Housing rental	15	j	43,221	29,163	-	72,384
Payables from exchange transactions - Other creditors	24	k	(100,221,374)	(148,527)	-	(100,369,901)
Payables from exchange transactions - Accrued leave pay	24		(81,977,904)	-	279,426	(81,698,478)
Provision - BCMMDA	20		-	-	(279,426)	(279,426)
Investment property	3	i	408,315,388	(12,039,532)	-	396,275,856
Current portion of operating leases	9	s	2,638,016	(2,638,016)	-	-
Non-current portion of operating leases	9	s	72,081,541	(72,081,541)	-	-
Deferred income	23	r	(61,317,334)	61,317,334	-	-
Investment in associates	7	t	127,539,335	(18,065,380)	-	109,473,955
Receivables from non-exchange transaction - Other debtors	13	j	14,945,844	(1,028,259)	-	13,917,585
Receivables from non-exchange transaction - Provision for impairment	13	f,j	(474,392,515)	122,330,545	-	(352,061,970)
			(339,995,094)			

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55. Prior-year adjustments (continued)

Statement of financial performance

2017

	Note	Error reference	As previously reported	Correction of error	Re-classification	Restated
General expenses - Advertising	44	c	8,077,928	179,493	-	8,257,421
General expenses - BCMET	44		57,561	-	(57,561)	-
General expenses - Consulting and professional fees	44	c	27,203,464	186,500	(294,828)	27,095,136
General expenses - Consumables	44	c	11,776,349	340,589	13,380,340	25,497,278
General expenses - Cleaning			421,714	-	(29,830)	391,884
General expenses - Chemicals	44		13,238,578	-	(13,238,578)	-
General expenses - Entertainment	44	c	5,575,416	78,472	68,976	5,722,864
General expenses - IT expenses	44	c	31,926,180	5,006,338	(17,501)	36,915,017
General expenses - Lease rentals on operating lease	44	c	116,505,005	(3,581,326)	(68,975)	112,854,704
General expenses - Other expenses	44	c	59,130,556	1,486,798	-	60,617,354
General expenses - Printing and stationery	44	c	9,640,875	48,223	(94,432)	9,594,666
General expenses - Projects	44	c	264,875,161	(4,969,295)	-	259,905,866
General expenses - Telecommunication costs	44	c	21,995,455	136,982	-	22,132,437
General expenses - Title deed search fees	44	c	77,121	65,634	-	142,755
General expenses - Travel local	44	c	8,051,073	26,280	-	8,077,353
General expenses - Uniforms	44	c	7,940,623	841,490	-	8,782,113
Other revenue (Exchange) - Sundry income	29		(12,955,781)	(16,230)	-	(12,972,011)
Other revenue (Exchange) - Vehicle registrations	29		(27,828,096)	-	118,139	(27,709,957)
License and permits			(14,107,061)	-	(118,139)	(14,225,200)
Employee related costs - Overtime payments	35	d	125,172,924	164,573	-	125,337,497
Employee related costs - Basic emoluments	35	q	949,468,716	31,854	-	949,500,570
Service charges - Sale of electricity	27	o	(1,670,645,690)	(170,193)	-	(1,670,815,883)
Service charges - Sewerage and sanitation charges	27	o	(314,102,298)	80,374,499	-	(233,727,799)
Service charges - Sale of water	27	o	(551,615,423)	98,925,222	-	(452,690,201)
Service charges - Refuse removal	27	o	(306,754,411)	95,295,404	-	(211,459,007)
Service charges - Other service charges	27	o	(24,851,880)	3,182	-	(24,848,698)
Property rates - Agricultural	31	j,o	(7,050,156)	1,034	-	(7,049,122)
Property rates - Vacant land	31	j,o	(96,397,691)	61,571,065	-	(34,826,626)
Property rates - Commercial	31	j,o	(425,094,429)	57,806,406	57,965,749	(309,322,274)
Property rates - Residential	31		(477,693,060)	-	(57,965,749)	(535,658,809)
Other revenue (Non-exchange) - Fire levy	34	o	(68,664,537)	19,243,432	-	(49,421,105)
Other revenue (Non-exchange) - BCDA winding	34	k	(960,079)	(53,200)	-	(1,013,279)
Repairs and maintenance	37	b,c,l	382,959,405	(3,955,822)	(5,351)	378,998,232
Grants and subsidies paid - Social Welfare Grant (Poor relief)	32	o	359,034,297	(351,634,111)	-	7,400,186
General expenses - Essential user cost	44		23,831,845	-	(23,831,845)	-
Employee related costs - Essential user cost	35		-	-	23,661,596	23,661,596
General expenses - Post-retirement medical obligation net cost	44		42,529,581	-	(42,529,581)	-
Employee related costs - Post-retirement medical obligation net cost	35		-	-	42,529,581	42,529,581

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55. Prior-year adjustments (continued)					
Rental of facilities and equipment		s	(19,062,021)	2,638,016	- (16,424,005)
Fair value adjustments	45	r	(4,968,023)	(61,317,334)	- (66,285,357)
Lease rentals on operating lease			508,141	-	(508,141) -
Depreciation	38	p	807,050,490	408,169	- 807,458,659
Contracted services	43		-	-	1,036,130 1,036,130
Loss on disposal of assets		m	31,097,166	5,267,605	- 36,364,771
Share of surplus in associate	7	t	(15,247,675)	(3,894,818)	- (19,142,493)
Debt impairment	41	f,j	310,915,665	(107,032,593)	- 203,883,072
Total				(106,497,662)	

Explanation of errors

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55. Prior-year adjustments (continued)

a) These assets were derecognised in the previous financial year however they were incorrectly revalued at the end of the financial year and were given values: Therefore we were correcting that error and derecognising these assets as they should have been in the previous year.

b) The Roads Department capitalised a project that was done in the 16/17 financial year however it was identified that the project was paid under maintenance which is OPEX. Therefore we needed to move the cost from OPEX to CAPEX in order to recognise the asset.

c) The entire population for general expenses and repairs & maintenance was revisited and corrected to clear the misstatements identified in 2017 audit.

d) Overtime worked in June 2017 had no sufficient supporting documents which had been subsequently submitted .

e) Procurement of intangible assets was made on OPEX vote in previous year. The expense is brought back to CAPEX.

f) Properties were valued in error in the valuation roll of 2013 and rated from 1 July 2014. The value on each property was deleted and rates adjusted accordingly with effect from 1 July 2014.

g) To account for Assets that were capitalised in prior years, whereas completed in previous years.

h) Recognition of assets that were acquired and not recognised in the previous financial years. The Municipality erroneously did not recognise these assets in the past.

i) Derecognition of investment property that was erroneously recognised by the Municipality in the previous financial year.

j) Property values were adjusted downwards through monthly supplementary valuations and rates were adjusted from the effective date of the adjusted value in terms of section 78 (4)Aa of the Municipal Property Rates Act, 6 of 2004.

k) When BCDA was wound up there was a payable which was raised in the books of BCDA and was taken over by BCMM

l) Reclassification of repairs and maintenance expenditure that was incurred in the previous financial year which meets the definition of an asset.

m) Derecognition of items of PPE that were erroneously recognised by the Municipality in the previous financial year and reclassification of the same expenditure as repairs and maintenance.

n) Reclassification of the expenditure that was erroneously incurred on a capital budget and capitalised to an asset in the previous financial year as an expense. Recognition and derecognition of accumulated depreciation in relation to the assets accounted for in point a) and b) above.

o) The indigent were given free basic services which were charged on Social Welfare Grants. GRAP standard requires that these must be charged directly against Service Charges.

p) To account for Accumulated depreciation on assets that were capitalised in the current year, whereas completed in previous years.

q) Lost Hours deducted in June 2017 paid to employees in July 2017.

r) Deferred income (as previously disclosed) relates to the increase of value on improvements done on property owned by BCMM i.e. Gillwell Taxi Rank, whereby the property has been leased to the developers for a period of 40 years. Further investigation indicated that the increase of property value should have been accounted for under fair value adjustment - investment property.

s) In previous years an accrual was raised and escalated over a period of time based on the assumption that revenue relating to the lease of municipal properties was not processed on the billing system. However the accrual was raised within sundry debtors being part of the billing system.

t) The Investment in associate audited financial period is 1 April to 31 March, the unaudited value was excluded from 1 April to 30 June.

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56. Risk management - (Refer to notes 21 & 22)

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 forecasts are prepared and adequate utilised borrowing facilities are monitored.

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56. Risk management - (Refer to notes 21 & 22) (continued)

Interest rate risk

As 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.

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.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	9.50 %	1,245,984,411	-	-	-	-
Cash in current banking institutions	8.50 %	165,103,636	-	-	-	-
Call Investment deposits	6.63 %	1,660,392,952	-	-	-	-
Trade and other payables - extended credit terms	9.00 %	822,881,964	-	-	-	-
Long term borrowings	9.91 %	52,572,023	57,973,556	54,395,605	45,190,555	187,994,372

These amounts best represent maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements.

Sensitivity Analysis of Market Risk

Effect of a 1% change in the interest rate	Current interest rate	Value at 30 June 2018	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)	
Trade and other receivables - normal credit terms	10.00 %	1,245,984,411	1,132,713,101	1,143,104,964	1,122,508,478	-
Trade and other payables	9.00 %	822,881,964	754,937,582	761,927,744	748,074,513	-
Cash in current banking institutions	6.00 %	165,103,636	155,758,147	157,241,558	154,302,464	-
Call investment deposits	6.62 %	1,660,392,952	1,557,299,711	1,572,044,075	1,542,829,355	-

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.

Credit risk

Credit risk consists mainly of cash deposits (refer note 16) and trade debtors (refer note 13 + 15). The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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56. Risk management - (Refer to notes 21 & 22) (continued)

Capital risk management

The entity'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.

57. 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.

58. Events after the reporting date

Jan Smuts Stadium, included in property, plant and equipment disclosed in note 4, was vandalised on 8 July 2018, whereby damages are estimated at R1million.

59. Unauthorised expenditure

Opening balance	95,876,117	21,985,787
Expenditure authorised in terms of section 32 of the MFMA	(95,876,117)	(21,985,787)
Unauthorised expenditure for the year	157,562,251	95,876,117
Closing balance	157,562,251	95,876,117

The unauthorised expenditure can be attributed to difficulty of achieving budget accuracy for each expenditure type due to varying operational requirements.

The 2018 unauthorised expenditure comprises the following:

- Remuneration of Councillors of R144 189, this is as a result of remuneration of BCMDA Board Members.
- Debt impairment of R135.45 million, this is a result of more debts written off than projected.
- Depreciation and asset impairment of R17.27 million. Infrastructure assets were revalued at the end of the financial year in accordance with the accounting policy adopted by BCMM. The revaluation brought about additional depreciation.
- Other expenditure of R2.19 million is as a result of reclassification from contracted services.
- Loss on disposal of assets of R2.5 million is as a result of derecognition of assets and investment property.

The 2017 unauthorised expenditure comprises the following:

- Employee related costs of R38.42 million, this is as a result of the salary standardisation paid to employees as approved by Council.
- Depreciation and asset impairment of R12.05 million, the budgeted figures are based on the capital budget, which is still budgeted for on a globular basis and not componentised per asset category. This results in the budgeted figures differing from the actuals due to differing useful lives of the components of the assets.
- Other expenditure of R14.21 million as a result of post retirement obligations calculation that came above the budgeted amount.
- Loss on disposal of Property Plant and Equipment of R31.19 million which was not budgeted as the City did not plan to have loss on disposal of assets.

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60. Fruitless and wasteful expenditure

Opening balance	5,319,926	5,213,926
Acts of negligence	35,420	83,785
Interest charged on overdue accounts due to late payment.	454,275	7,119
Harvey Travel agencies - BCMDA	-	8,698
Fines and penalties - BCMDA	62,926	6,398
Travel and accommodation - BCMDA	4,428	-
Recovered during the year - BCMDA	(11,616)	-
Closing balance	5,865,359	5,319,926

Staff members involved in acts of negligence resulted in the entity incurring losses totalling R35 420 (2017 : R83 785).

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.

61. Irregular expenditure

Opening balance	2,430,833,674	2,143,542,250
Add: Irregular Expenditure - current year	213,320,576	287,291,424
Closing balance	2,644,154,250	2,430,833,674

Analysis of expenditure awaiting write-off per age classification

Current year	213,320,576	287,291,424
Prior years	2,430,833,674	2,143,542,250
	2,644,154,250	2,430,833,674

Details of irregular expenditure

Procurement made outside SCM regulations	13,918,147	1,042,474
BCC contracts	154,779,603	125,333,385
Annual contracts	15,485,573	24,512,186
Formal contracts	3,896,115	-
Informal contracts	143,478	-
3 Quotation System	42,000	-
Suppliers in service of state - Declared state employees	2,681,571	-
Suppliers in service of state - Not-declared state employees	773,241	116,000
Non-Approved deviations by Council - MFMA Regulation 36 on SCM	21,600,848	136,287,379
	213,320,576	287,291,424

62. In-kind donations and assistance

FELZOO donated assistance to BCMM	63,450	107,441
FELA donated assistance to BCMM	5,300	9,700
Friends of the Library donated assistance to BCMM	-	44,562
National Council of Provinces donated assistance to BCMM	-	20,000
Van Schaik Booksellers donated assistance to BCMM	-	271,264
City of Glasgow donated assistance to BCMM	-	25,000
Nahoon Point Nature Reserve	56,230	-
Nahoon Estuary Nature Reserve	33,000	-
	157,980	477,967

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Audited Consolidated Annual Financial Statements

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63. Additional disclosure in terms of Municipal Finance Management Act

63.1 Contributions to organised local government

Current year contribution	13,300,000	12,300,000
Amount paid - current year	(13,300,000)	(12,300,000)
	-	-

63.2 Contributions to SA Cities Network

Current year contribution	2,276,010	1,815,000
Amount paid - current year	(2,276,010)	(1,815,000)
	-	-

63.3 Audit fees

Current year subscription / fee	12,809,701	13,082,942
Amount paid - current year	(12,809,701)	(13,082,942)
	-	-

63.4 PAYE, UIF and Skills Development Levy

Current year contribution	306,409,448	282,478,067
Amount paid - current year	(306,137,743)	(282,478,067)
	271,705	-

63.5 Pension and Medical Aid Deductions

Current year contribution	442,998,253	367,558,890
Amount paid - current year	(442,900,744)	(367,558,890)
	97,509	-

63.6 VAT

VAT receivable	127,982,442	101,174,024
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VAT output payables and VAT input receivables are shown in note 14 as net VAT receivable.

All VAT returns have been submitted by the due date throughout the year. Vat is only declared to SARS on receipt of payment from consumers and claimed on payment to suppliers.

BUFFALO CITY METROPOLITAN MUNICIPALITY

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63. Additional disclosure in terms of Municipal Finance Management Act (continued)

63.7 Councillors' and officials arrear consumer accounts

Arrear Councillors accounts totalling R32 278 were outstanding for more than 90 days at 30 June 2018 (2017: R47 182) for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor. The following amounts represent the total outstanding as at 30 June 2018. Stop orders are in place, whereby a monthly amount is deducted until the balance is settled.

June 30, 2018	Outstanding more than 90 days R	Total R
Councillor N.P. Matiwane	128	128
Councillor N.E. Tshabe	9,568	9,568
Councillor Z. Mtyingizane	17,253	17,253
Councillor K. Ciliza	4,541	4,541
Councillor N.P. Peter	485	485
Councillor V. Tutu	303	303
	32,278	32,278

June 30, 2017	Outstanding more than 90 days R	Total R
Councillor M.L. Ngabayena - paid in full August 2017	120	120
Councillor N.P. Matiwane - paid in full August 2017	442	442
Councillor N.E. Tshabe	45,505	45,505
Councillor M.N. Marata - paid in full August 2017	250	250
Councillor K. & D.P. Viaene - paid in full August 2017	865	865
	47,182	47,182

At year end, officials accounts totalling R1 106 097 (2017: R697 902) were outstanding for more than 90 days.

63.8 Deviation from supply chain management regulations

Regulation 36 of the MFMA on Supply Chain Management (SCM) Regulations and clause 36 of the SCM Policy of 2012 states that a SCM Policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the unaudited separate annual financial statements.

During the financial year under review goods/services totaling R79 156 494 (2017: R153 917 148) 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.

Incident		
Emergency	6	22,144,419
Sole supplier	6	45,788,328
Other exceptional cases	9	11,223,746
Deviations - BCMDA	2	431,523
	23	79,588,016

BUFFALO CITY METROPOLITAN MUNICIPALITY

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63. Additional disclosure in terms of Municipal Finance Management Act (continued)

63.9 Electricity Losses

	Amount	%	Amount	%
Technical	86,918,136	6.50	88,453,498	6.50
Non-technical	149,583,908	11.19	130,366,173	9.58
	236,502,044	17.69	218,819,671	16.08

Technical Losses: Losses within the network which are inherent in any network.

Non-technical losses: Theft, faults and billing errors.

Attempts are currently being made to reduce these non-technical losses.

63.10 Water Losses

	Amount	%	Amount	%
Technical	109,093,280	33.98	63,905,429	21.64
Non-technical	31,169,626	9.71	36,894,108	12.50
	140,262,906	43.69	100,799,537	34.14

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

The above losses include rural areas and informal settlements.

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

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64. Cash flows from operating activities

Receipts : Sale of goods and services

Total revenue as per Statement of Financial Performance		6,379,732,050	5,862,099,582
Less: Fair value adjustments	45	(36,725,077)	(66,285,357)
Less: Interest received	30	(176,012,022)	(198,436,891)
Less: Government grants and subsidies received	33	(1,819,159,969)	(1,564,576,623)
Loss on sale of assets	4	2,499,363	36,364,770
Write off of Intangible assets - BCMDA		14,316	-
Movement in receivables from exchange transactions	15	(363,005,403)	(212,194,664)
Movement in receivables from non-exchange transactions	13	(27,403,139)	(1,619,217)
Movement in receivables from exchange transactions - BCMDA		81,443	(183,206)
Fair value adjustment on Investment Property revalued	45	36,725,077	66,285,357
Movement in VAT receivables	14	(26,808,418)	(4,326,262)
Movement in operating lease receivable	9	(3,562)	71,858,183
Net movement in consumer deposits	25	2,691,403	3,613,140
		3,972,626,062	3,992,598,812

Payment : Suppliers

Total expenditure as per the Statement of Financial Performance		(6,060,479,947)	(5,551,252,088)
Employee costs and Councillors remuneration	35&36	1,898,717,406	1,682,865,615
Interest paid	40	43,959,792	49,359,423
Depreciation and amortisation	38	987,910,252	807,458,659
Loss on disposal of assets	4	(2,499,363)	(36,364,770)
Write off of Intangible assets - BCMDA		(14,316)	-
Debt impairment	41	310,385,034	203,883,071
Net movement on unspent conditional grants	18	31,935,089	41,053,026
Movement in Post retirement medical aid benefit obligation	10	10,676,406	22,182,317
Movement in provisions relating to landfill sites	20	35,723,539	(8,593,400)
Movement in payables from exchange transactions	24	262,879,250	(315,708,561)
Movement in inventory	11	(4,220,046)	(2,539,275)
Non cash intangible asset transfer	5	(18,213,953)	71,374,228
Non-cash adjustments on PPE (WIP, Transfers and Other movements)	4	(24,091,596)	(27,221,816)
Non cash PPE additions	4	(3,393,725)	-
Difference in revaluation recognised in PPE and SoCNA	4	-	3,289,565
Difference in depreciation and impairment reversal on PPE	4	-	711,360
Non cash heritage asset transfer	6	-	(146,950)
Prior year adjustments	55	-	(398,687,305)
Opening balance adjustments on PPE 2017	4	-	(7,526,184)
Impairment deficit	3	4,950,000	-
Opening balance adjustments on Investment property 2017	3	-	5,536,271
Opening balance adjustments on Investment in associates	7	-	21,960,198
Derecognition of Investment property	3	-	6,503,260
		(2,525,776,178)	(3,431,863,356)

65. Deficit for the year

Reconciliation of actual operating results to net income

Net income for the period		365,536,076	359,272,135
Share of deficit of associate accounted for under the equity method		(11,534,322)	(19,142,493)
Capital expenditure ex grant funding		(930,587,543)	(669,780,335)
Actual operating results		(576,585,789)	(329,650,693)

BUFFALO CITY METROPOLITAN MUNICIPALITY

Audited Consolidated Annual Financial Statements for the year ended June 30, 2018

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66. Retirement benefit information

The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below:

- Cape Joint Pension Fund / L A Retirement Fund
- Cape/Consolidated Retirement Fund
- Eastern Cape Local Authorities Provident Fund
- Government Employees Pension Fund
- Municipal Worker's Retirement Fund
- SALA Pension Fund
- Municipal Employees Pension Fund
- Municipal Councillors Pension Fund
- National Fund for Municipal Workers
- Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede
- East London Municipal A Band Provident Fund

The Cape Joint Pension Fund's / LA Retirement Fund's last actuarial valuation was at 30 June 2017 conducted by S. Neethling from Momentum Consultants and Actuaries. The fund was 102.6% funded at valuation date.

The Cape/Consolidated Retirement Fund's last actuarial valuation was at 30 June 2016 conducted by S. Neethling from MMI Group Limited 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 2017 conducted by E. Du Toit from Alexander Forbes Financial Services, who confirmed that the fund was not in an unsound financial condition as at the review date in terms of section 16 of the Pension Funds Act. The funding level was at 100% at valuation date.

The Government Employees Pension Fund's last valuation was at 31 March 2016 conducted by H. Buck. The funding level at this date was 115.8%.

Municipal Worker's Retirement Fund (previously known as SAMWU National Provident Fund) last actuarial valuation was at 30 June 2017 conducted by E.J. Potgieter and G. Base from Towers Watson (Pty) Ltd. The report stated that the fund was in a sound financial position as at 30 June 2017.

The SALA Pension Fund's last valuation was at 01 July 2015 conducted by J.F. Rosslee of ARGENT Actuarial Solutions. The fund was 100% funded as at valuation date. The valuator was satisfied with the investment strategy of the fund and the nature of the assets is in his opinion, suitable for the nature of the liabilities of the fund as defined in the rules of the fund.

The Municipal Employees Pension Fund's last interim valuation was at 28 February 2014 prepared by Itakane Consultants and Actuaries (Pty) Ltd. The report stated that the fund was financially sound and the funding level at this date was 100%.

The Municipal Councillors Pension Fund's last valuation was at 30 June 2015 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 Municipality Worker's last Actuarial Valuation was at 30 June 2015 and prepared by G. Grobler from Alexander Forbes Financial Services. The assets of the fund are sufficient to cover 100.42% of members' liabilities.

The East London Municipal A Band and the Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede are a fixed/defined contributions funds. It is therefore not necessary to perform an actuarial valuation for these funds.

It is Council's policy to fund 60% of Pensioner's medical aid expenses. The current costs amount to approximately R 21,6 million.

An amount of R294,7 million (2017: R239 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

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67. Bids awarded to family of employees in service of the State

In terms of section 45 of the Municipal SCM regulation, any award above R 2 000 to family of an employee in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form:

Connected person	Position held in BCMM	2018	2017
T. Nyati	PA to SCM GM	49,182	148,827
S. Majembe	Buyer	242,674	105,000
Z. Ndzondo	Bid Secretariat	12,526	279,911
A. Qwede	Senior Committee Secretary	-	103,708
C. Ruiters	Tender Co-ordinator	129,907	386,121
H. Lestig	Handy Man	197,820	204,251
N. Nangu	Office Attendant	-	152,423
S. Xoki	Chief Risk Officer	180,000	-
		812,109	1,380,241

Connected person	Name of institution	2018	2017
F. Ngcwangu	EC Provincial Planning & Treasury	2,333,375	998,968
N. Maqula	Department of Human Settlements	207,740	2,128,579
D. Muzenda	National Lottery	140,456	1,131,318
		2,681,571	4,258,865



**Buffalo City Metropolitan
Municipality (Cons.)**

Audit Report

For the year ended 30 June 2018

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Buffalo City Metropolitan Municipality

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 set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Buffalo City Metropolitan Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2017 (Act No.3 of 2017) (Dora).

Basis for qualified opinion

Revenue from exchange transactions

3. The municipality did not recognise all items that met the definition of revenue from exchange transactions in accordance with SA Standard of GRAP 9, *Revenue from exchange transactions*. Revenue from service charges was not accounted for at the fair value of the consideration received or receivable, as required by this standard. Service charges, specifically arising from the sale of water was not measured reliably due to faulty water meters and inaccurate meter readings. In addition, I was unable to obtain sufficient appropriate evidence that all revenue from service charges had been recorded accurately, as the municipality did not have adequate systems, and I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the service charge revenue from exchange transactions of R436,6 million and the related receivables from exchange transactions of R479,3 million, as disclosed in notes 27 and 15 to the consolidated and separate financial statements, respectively.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.

5. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 55 to the consolidated and separate financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors identified in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2018.

Irregular expenditure

9. As disclosed in note 61 to the consolidated and separate financial statements, irregular expenditure of R213,3 million (2016-17: R287,3 million) was incurred due to supply chain management (SCM) transgressions that occurred in the current and prior financial years. The cumulative balance as at 30 June 2018 was R2,6 billion.

Material losses and impairments

10. As disclosed in note 63 to the consolidated and separate financial statements, the municipality incurred material electricity and water losses as reflected below.
 - Electricity losses totalling R236,5 million (2016-17: R218,8 million), which represented 17,7% (2016-17: 16%) of total electricity purchased of which non-technical losses comprised R149,6 million (2016-17: R130,4 million) were incurred due to theft, faults and billing errors.
 - Water losses totalling R140,3 million (2016-17: R100,8 million), which represented 43,7% (2016-17: 34%) of total water purchased of which non-technical losses comprise R31,2 million (2016-17: R36,9 million) were incurred due to bulk water meters not being installed in all rural and semi-rural areas.
11. As disclosed in note 15 to the consolidated and separate financial statements, cumulative debt impairment provisions amounted to R1,1 billion (2016-17: R1,1 billion) due to the slow recovery of old consumer debts.

Other matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

13. In terms of section 125(2)(e) of the MFMA, the municipality 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 accounting officer for the consolidated and separate financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Buffalo City Metropolitan Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

16. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
17. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be

included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priority	Pages in the annual performance report
KPA 2: basic service delivery and infrastructure development	x – x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

KPA 2 – basic service delivery and infrastructure development

Number of waste cells constructed

23. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the target *Number of waste cells constructed* as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Comparison between performance of the year under review and previous year

24. A comparison per indicator between the performance of the year under review and previous year was not included for any of the indicators in the annual performance report.

Number of formal dwellings (RDP) provided with a basic service of electricity

25. The achievement for the target *Number of formal dwellings (RDP) provided with a basic service of electricity* reported in the annual performance report was 1 330. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 340.

Various indicators

26. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicators listed below as reported achievements were not supported by sufficient appropriate audit evidence. This was due to limitations placed on the scope of my work. I was

unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of the following indicators:

- Percentage of households with access to basic solid waste removal services.
- Number of households earning less than R3200 per month with access to free basic services.
- Percentage of households with access to basic level of sanitation.
- Percentage of households with access to basic level of water supply.
- Kilometres of roads surfaced.

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 - 26 of this report.

Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the development priority, basic service delivery and infrastructure development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

30. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

31. The material findings on compliance with specific matters in key legislations are as follows:

Consolidated and separate financial statements

32. The consolidated and separate 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, current assets, current liabilities and expenditure

identified in the submitted consolidated and separate financial statements were subsequently corrected, but the uncorrected material misstatement resulted in the consolidated and separate financial statements receiving a qualified audit opinion.

Strategic planning and performance management

33. The performance management system and related controls were inadequate as the described processes of planning, measurement and reporting were not conducted and managed as intended, as required by municipal planning and performance management regulation 7(1).

Revenue management

34. An effective system of internal control for receivables and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Procurement and contract management

35. Some of the contracts were awarded to bidders based on preference points that were not allocated and calculated correctly in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000) and its regulations. The eventual winning bidder was not affected as a result of the incorrect calculation of preference points.
36. Sufficient appropriate audit evidence could not be obtained that persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality disclosed such interest, as required by supply chain management regulation (SCMR) 46(2)(e).
37. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCMR 44.

Expenditure management

38. Reasonable steps were not taken to prevent unauthorised expenditure of R160,4 million, as disclosed in note 59 to the annual consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by non-cash items such as depreciation and impairment of assets.
39. Reasonable steps were not taken to prevent irregular expenditure of R213,3 million as disclosed in note 61 to the annual consolidated and separate financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by contravention of supply chain management regulations.
40. Monies owed by the municipality were not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Asset management

41. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

42. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA and section 75(1) of the municipal budget and reporting regulations.

Other information

43. The Buffalo City Metropolitan Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the development priority presented in the annual performance report that has been specifically reported in the auditor's report.
44. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
45. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. 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

47. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Leadership did not adequately respond to prior year findings relating to the annual consolidated and separate financial statements and annual performance report. Furthermore, repeat and additional material compliance findings were identified. The implementation of the audit intervention plan to address internal and external audit findings was not adequately monitored.
 - Leadership did not ensure that instances of fruitless and wasteful expenditure were investigated to determine if any officials are liable for such expenditure.

- Management did not ensure that monthly exception reports and reconciliations for service charges were properly reviewed and as a result abnormal billing of customers was not detected and corrected timeously. This contributed to the material misstatement identified in sale of water revenue.

Other reports

48. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

49. The report of the public protector into allegations of financial misconduct relating to the Nelson Mandela funeral was finalised on 4 December 2017. The municipality was in the process of addressing the recommendations from the investigation.
50. The municipality appointed an external service provider to investigate all instances of irregular expenditure incurred from the 2012-13 to 2016-17 financial years. The draft report on the investigation was issued in July 2018 and submitted to the municipal public accounts committee for consideration.

Auditor - General

East London

10 December 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for the selected development priority and on the municipality's compliance with respect to the selected subject matters.

Consolidated and separate financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Buffalo City Metropolitan Municipality's ability 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 the 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 continuing as a going concern
 - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

INTEGRATED
**ANNUAL
REPORT**
201718



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

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201718**

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1 ABOUT THE REPORT

1.1 Introduction

Since its inception in 2016, the Buffalo City Metropolitan Development Agency (BCMDA) has applied circular 63 of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury in the preparation of its annual reports. The circular prescribes the content municipalities should cover in their annual reports. The 2017/18 integrated annual report provides the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2017/18 integrated annual report also considers the financial, social and economic factors in reporting on the BCMDA's operations. The guidelines applied include:

- Reporting requirements as per the Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA)
- The South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act (2000).
- King Code of Governance for South Africa
- National Treasury Guidelines and Regulations

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 BCMDA was established as a profit company on 20 April 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.

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

1.2 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:

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 group	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

Table 1: Material Issues

Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- **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.
- **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.
- **Stakeholder engagement:** To provide a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.
- **Reporting:** To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.

1.3 Assurance Statement

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 2017/18 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

Integrated reporting framework	MFMA: Circular 63 Annual Reporting Requirements
Ethical leadership and corporate citizenship	Chairperson's foreword and executive summary
Boards and directors Board independence Board reporting Board's performance Board committees Directors' remuneration	Governance Governance structures Intergovernmental relations Public accountability participation Supply chain management, by-laws and oversight committees Risk management Anticorruption and fraud Disclosure of financial interests
Audit and Risk Committee Finance competence Audit and Risk Committee performance	Service delivery
The governance of risk	Organisational development performance
Compliance with laws, codes, rules and standards	Financial performance
Internal audit Assessment of governance risk, management ethics and internal control processes	Appendices and annual financial statements
Governing stakeholder relationships	
Integrated reporting disclosure Financial disclosure Sustainability disclosure	
Integrated reporting philosophy	

Table 2: Minimum disclosure requirements

1.4 Board Responsibility and Approval

The directors are responsible for the preparation, integrity and fair presentation of the financial statement of the entity. The financial statements presented in Chapter 8 have been prepared in accordance with Generally Recognized Accounting Practice and include amounts based on judgements and estimates made by management.

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 8 with regard to the appropriateness of the going concern assumption for the preparation of the financial statements.

2 BCMDA LEADERSHIP: THE YEAR UNDER REVIEW

2.1 Foreword by the Executive Mayor

It is now three years since the re-establishment of the Buffalo City Metropolitan Development Agency (BCMDA). Sufficient strides have already been made in the formation of the agency as a dynamic and agile economic development arm of the municipality, but more work is ahead of us.

The mandate of the agency is to extend the capability of the municipality with respect to the identification, planning and implementation of development projects in the metro. The agency is geared to assist in the management and commercialization of the city's land and properties. The agency's mandate is also to attract investors into the city and increase economic growth through tourism, social and economic development.

BCMDA is seized with the upgrading of the existing Esplanade road and sidewalks from Orient Beach through to Eastern Beach. Additionally, it is upgrading the Court Crescent for recreational use. Already the park has been designed to include a number of exciting land uses. The agency has also made progress in the development of plans for the West Bank and Victoria Grounds Precincts which will unlock maximum economic returns for the city.

Significant strides have been made by BCMDA to bring us closer to realizing the vision of the Sleeper Site development program. Detailed designs are in progress and there is already a concrete partnership with the Public Investment Corporation (PIC) which will greatly benefit the city. The Sleeper Site Development allows us to develop various high-quality assets leveraging from land release. It paves the way for the much-needed office space for our metro, which will improve efficiency. The other advantage of the partnership with the PIC is that it releases municipal funds for realizing other development goals.

This Civic Precinct will act as a catalyst to attract other investments into and around the sleeper site as well as be a catalyst for inner-city revitalization. Property values in Quigney, Southernwood and the inner city will increase with a positive spin-off for municipal rates. There will be thousands of jobs created, the number of local SMEs that will supply services and goods to the precinct will be substantial. From a tourism perspective

the city will realize an increase in visitor numbers due to events hosted at the envisaged Civic Precinct.

The corporate governance of the agency has been operating well, with the governance structures of meeting regularly. This means that the Accounting Authority of the organisation is exercising its oversight responsibility and holds the management accountable. The support system of a good governance framework such as company secretariat, risk management and internal audit are fully functional.

The evidence of this is the fact that the Agency received an unqualified Audit Opinion from its external auditors. A good corporate environment is also beneficial to overall performance and this is why the agency has achieved most of its performance targets in the year under review.



Cllr X Pakati
Executive Mayor

2.2 Chairperson's Statement

For the year under review BCMDA leadership underwent corporate governance training. The focus of the program was King IV code of good governance. This code emphasizes building ethical culture, management of performance, the internal control environment and legitimacy of the enterprise. These aspects were explored as part of emphasizing the role of leadership in building an enterprise that manages its stakeholders and is responsive to society's needs.

BCMDA also recruited the new Company Secretary, Ms Nothemba Mpongsohe. Ms Mpongsohe was appointed out of three short-listed candidates. It gives me pleasure to welcome her to the BCMDA team. Her experience and expertise will enrich the agency. Equally, her timely recruitment has ensured a seamless transition from the previous Company Secretary, who resigned at the beginning of quarter two.

For the 2018/19 financial year, the key focus areas include property management and commercialisation of the Sleeper Site, Seaview Terrace and Court Crescent as well as the development of tourism infrastructure on the East London Beachfront and Water World to attract investment. The agency will continue to nurture strategic partnerships and establish productive stakeholder relations to successfully deliver on its mandate. Management will strive to ensure that the design and drawing workings is completed by 31 December 2018 for implementation in 2019.

The strategic risk register for 2017/18 highlights two important considerations: the difficulty in recruiting and retaining skilled staff, and the importance of improving the stakeholder consultation process.

In response to the first risk, the BCMDA implemented human resources procedures that saw its staff complement increase with the appointment of a Tourism Infrastructure Manager and the recruitment of a Program Manager, which is currently underway. . More will need to be done to ensure that vacancies are filled and the agency is operating at full capacity. The agency has also developed and implemented, a comprehensive Stakeholder Relations Management Strategy which was approved by the Board in April 2018.

The stakeholder engagement process has improved and was earmarked by the first two community

engagements in April 2018. The Agency's first Environmental Impact Assessment stakeholder engagement was with the communities in the Quigney and the East London beachfront. This engagement informed stakeholders of the various proposals include rezoning of the open space for recreational use. This was followed by an engagement with stakeholders in Greenfields and Sunnyridge. The Agency informed stakeholders of the proposed plans to upgrade the infrastructure at Water World During the period under review.

The BCMDA has prioritised ensuring the long-term sustainability of capital projects and securing community buy-in over implementing projects to meet revenue targets.

The Board will continue to ensure that the BCMDA's management improves its performance and will build appropriate internal control measures to ensure that the entity does not falter in its mission of obtaining a clean audit report.



T Bonakele
Board Chairperson

2.3 Chief Executive Officer's Report

The overall performance of the BCMDA for the 2017/18 financial year is indicative of an organisation in its infancy, where the main activity and focus is on operations as opposed to being capital development focused. This will be marked with considerable change as the entity evolves and grows in the 2018/19.

Similar features are observed in the structure of the agency which remains thin on certain functional areas, such as investment promotion and tourism, that are part of the mandate. This phenomenon also extends to support functions, which presents limitations to segregation of duties. Such administrative limitations are compounded by the introduction of MSCOA, which automates the control environment. In a normal organization this would be highly welcome, however, currently it presents a risk of junior employees being responsible for a fairly sophisticated administrative authorization system.

Whereas, the company has received an unqualified audit opinion, it remains challenged with CAPEX as its budget is still unspent. The financial health of the agency is positive though, with a good liquidity ratio as well as current assets being comprised of cash and cash equivalents.

Governance structures are functional and meet regularly. This means that the oversight function of the agency is intact and management is held accountable for its performance or lack of. Key control functions such as company secretariat, risk management and internal audit are quite effective as well. The agency is consistently building a culture of ethical conduct and integrity, whilst pre-occupied by the need for sustainability

Overall, the agency has managed to achieve most of its performance targets because of the above-mentioned solid foundation. The human resource environment is quite stable, with all key indicators under constant monitoring. It equally implemented the action plan from the internal audit findings. The information provided to the Board is consistent with the information submitted to various sub-committees of the Board, the internal audit unit, Audit Committee and BCMM.

In the period under review the Agency has achieved the following;

Beachfront and Esplanade:

- A Consortium of Consultants were appointed in March 2017 for Design and Implementation Services.
- The Marina Glen 'A' and Sea View Terrace land valuations have been completed and are awaiting rezoning approval through the internal BCMM process.
- The Court Crescent and Esplanade initial concept designs were presented at a public engagement session held at the ELICC on August 3, 2017.
- Draft designs have been developed and endorsed through an additional public engagement process, on 16 November 2017.

Water World Upgrade:

- BCMDA approved concept designs which were presented and endorsed at a public engagement session held at the ELICC on August 3, 2017
- The working drawings of designs, zoning and sub-division applications are being finalised and will be submitted to BCMM for approval

Greenest Municipality Competition (GMC):

- The Department of Environmental Affairs (DEA) funded a mass employment project, under the Greenest Municipal Competition (EC-GMC) that commenced in February 2017.
- This project is part of DEA Programme aimed at municipalities with a primary focus on implementing the National Waste Management Strategy as well as the BCMM Integrated Waste Management Plan.
- The project employed 80 people in totality, 40 in Orange Grove and another 40 in Nompumelelo. All 80 participants were trained on Occupational Health and Safety and 8 supervisors were also trained on First Aid Level 1.
- This project has been further extended from its original closing date of August 2017 to January 2018.

Community Development Fund

The BCMDA launched the Community Development Fund on 7 June 2018. This Corporate Social Responsibility initiative forms part of the agency's commitment to being a responsible and committed citizen in the communities it serves. A suite of 10 community development projects that have the potential to become sustainable and independent were selected to participate in this program.

City Improvement Districts (CID):

- The Call-2-Action (partnership between Business, Civil Society and Government) had been established to deliver on various CID Modalities and led to the conceptualisation of a Clean & Green City Programme in four (4) pilot areas – of which the Beachfront (Esplanade and Quigney) is one
- The following CID modalities: greening & beautification, maintenance, safety and security, and physical upgrading will be rolled out over the next three years
- Currently the Call-2-Action has implemented aspects in relation to greening and beautification in Settlers Way and the East London Beach Front

Stakeholder Relations Management

There has also been a dedicated focus on management of Stakeholder Relations management this quarter, with management establishing partnerships with BCMM, Invest Buffalo City and ECDC. Effective stakeholder engagements have also resulted in the signing of several MOUs. This year also marked the celebrations of the Agency's first Environmental Impact Assessment stakeholder engagements with the communities in the Quigney, Greenfields, West Bank and Sunnyridge, the engagement in the Quigney informed stakeholders of the various proposals include rezoning the open space for (recreational use including the use of a multi-use park, skateboarding, kids' play area, outdoor amphitheatre, relaxation, outdoor gym, a maze, art and adequate lighting to increase security. This was followed by an engagement with stakeholders in Greenfields and Sunnyridge. The Agency informed stakeholders of the proposed plans to upgrade the

infrastructure at Water World to strengthen its tourism potential for local and international users.

BCMDA will continue to work towards its objective of transforming the spatial economy of Buffalo City. Some of the areas which will be further explored in the 2018/19 financial year include the following:

Property development

BCMDA has seen increased interest from the market to collaborate with it in the roll-out of its strategy. The agency was approached by the Housing Development Agency (HDA) to explore a partnership on property development in BCMM. BCMDA held a working session with Prof Bank of the HSRC. This collaboration will continue to work on the proposed Heritage Tourism program in 2018/19. PRASA also highlighted that delays in the BCMM Railway Station Investment Program and indicated that that this program will commence in the new financial year.

Investment Promotion

On the Sleeper Site Development Project (SSDP) it was proposed that the agency needs to have a council resolution(s) that transfer the land to it. Once this is concluded then an MoU will be signed between the two government owned entities and development can start.

The agency was also approached by Tai Capital, a private property developer, seeking to invest in student accommodation, warehousing and office accommodation. They indicated that they have access to funding and would want to partner with the agency.

The agency signed an MoU with GENPRO covering amongst others business improvement district (BID). In the quarter under review GENPRO made a proposal to the agency for initiating BID covering street cleaning, security, free wi-fi and street-lighting. These activities were going to be funded from marketing revenue and special rates from benefiting businesses.

The agency held a meeting with JMB Properties regarding an investment proposal for Marina Glen B(Ubuhlanti). BCMDA also met with Virtual Business Solutions and Destiny Stars Investment regarding investment in water desalination; renewable energy and tourism in Buffalo City.

Focus for new financial year:

Key focus areas include property management and commercialisation of the Sleeper Site, Seaview Terrace and Court Crescent as well as the development of tourism infrastructure on the East London Beachfront and Water World to attract investment.

Key focus areas for 2018/19 include:

- Management to fast-track completion of design and drawing work by 31 December 2018
- Complete Tourism Infrastructure Masterplan developed and delivered
- Development and approval of a BCMM Business Improvement District Strategy (BIDS)
- Complete Integrated Beachfront Plan developed and delivered
- City Improvement Districts established-project implemented and ongoing monitoring
- Implementation of infrastructure upgrading at Water World

In preparing this integrated report, a number of additions have been made to our reporting practices to satisfy the integrated reporting principles. We intend to make further improvements in our reporting in the new financial year by including assessments of service provider performance.

I would like to thank the executive team and every BCMDA staff member for their unwavering dedication

and commitment to the delivery of our mandate, and the Board for their steadfast leadership and guidance throughout the year.



Bulumko Nelana
Chief Executive Officer

2.4 Chief Financial Officer's Report

Description	Approved Adjustment Budget (2016/17)	Approved Budget (2017/18)	Approved Adjustment Budget (2017/18)	Actual Revenue/ Expenditure – June 2018	% Received/Spent
Revenue	20 823 738	33 160 000	31 577 000	22 021 908	69.7%
Expenditure	20 823 738	33 160 000	31 580 000	24 412 584	77.3%
Surplus/Deficit	0	0	3 000	2 390 676	
Capital/Project Expenditure	0	25 962 000	737 000	350 911	47.6%

Out of a total adjustment budget of R31.5 million, actual revenue recognised is 69.7%. The reasons for this are as follows:

- The agency was appointed as the Implementing Agent of the department's waste management project after which it was anticipated that R5.6 million would be received within the financial year. Delays in the approval of the project business plan have had an impact on the release of the said funds. As at 30 June 2018, no funds were received from DEA in relation to this project. The related project management fees were also affected.
- Interest on investments could not be realised in full due to invested funds held by the Agency on behalf of BCDA which were subsequently paid back to the parent municipality.
- Revenue recognised is net of VAT on the operational grant received from the City. At this point, operational grant received from the City is R23.1 million, which is 100% of the allocation.
- The above reasons had a direct impact on the actual expenditure percentage of 76%

The R25 million capital projects budget could not be spent in 2017/18 due to delays experienced in the project designs it then got rolled over to the subsequent financial year. The City has agreed to roll over these funds to the 2018/19 MTREF budget. Refer to detailed analysis in Chapter 5 of the report.

3 CORPORATE PROFILE AND STRATEGIC OVERVIEW

3.1 Vision statement

A city that is more welcoming and competitive with ample opportunities to invest, work, play and live.

3.2 Mission statement

Building a better Buffalo City through facilitating and undertaking development initiatives for the benefit of all the citizens of the city.

3.3 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:

- Performance
- Professionalism
- Integrity
- Quality
- Accountability
- Transparency

3.4 Mandate

In 2011, the Buffalo City Municipality attained a metropolitan status and this subsequently led to a revising of the 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 can be summarised in the figure below.

The mandate of the BCMDA as approved by the council on 11 December 2015 appears below.



Figure 1: Approved BCMDA mandate

In approving the mandate of the BCMDA on 11 December 2015, the Buffalo City Metropolitan Municipality council also resolved that the Agency shall be empowered to take any such actions within its scope of authority to further its mandate, including, but not limited to:

- To conduct regular communications with all stakeholders.
- To launch, manage and/or monitor any study that may be necessary to further the objectives of the Agency.
- To negotiate, enter into and administer contracts in furtherance of its objectives.
- To collect income, raise, receive and hold funds, or receive guarantees, from any lawful source, for the purposes of the BCMDA and to manage administer and disburse those funds in pursuance of the objects of the BCMDA and for administrative purposes in accordance with the terms and conditions determined by the BCMDA.
- To conduct and operate any financial assistance, subsidy or incentive Programme necessary to ensure the most advantageous development projects for the Municipality.

3.5 Goals

The outcome- oriented goals of the Agency are as follows:

- A stable and fully capacitated Agency to deliver on its mandate efficiently and effectively
- Improved number of tourists and tourism spend in Buffalo City
- Efficient, productive and sustainable management of land and buildings
- Improved socio-economic benefits within Buffalo City

3.6 Business Model

For the first 2 years of operation, no business model was developed. This will be developed going forward.

3.7 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Vibrant organisation that encourages innovative thinking. • Proven capability to deliver. • Experienced Executive Team and Board. • Strong culture and heritage of the City/ location • Quick decision making. • Broad mandate to drive job creation • Ability to establish partnerships 	<ul style="list-style-type: none"> • Lack of current capacity to deliver on big projects (i.e. resources, both human and financial). • Lack of diverse sources of funds – dependent on municipal funding • Inadequate and inadequately defined integration with the municipality, including governance and communication structures • Dependant upon municipality for key outcomes e.g. approvals, land etc. • Limited marketing budget and limited knowledge of the brand. • Organisational structure not adequately developed to deliver on mandate
Opportunities	Threats
<ul style="list-style-type: none"> • There are opportunities to establish strategic partnerships and position the brand as a strategic partner. • To position the brand as a development agency ready for business. • To grow the brand's social media and online presence. • Opportunity to leverage reputation to secure investors and establish partnerships. • After-care investment Programme. Need to retain current investors. • Access to funds through grants and other revenue pools. 	<ul style="list-style-type: none"> • Funding and resource constraints. • Dependency on BCMM for operational funding. • Potential loss of current investors. • Competition from other metros – investors opt to invest in other metros as a result of the high cost to operate in BCMM. • Slowing economy, may result in less funding

Table 3: BCMDA SWOT Analysis

4 CORPORATE GOVERNANCE

4.1 Corporate Governance Statement

Good Corporate governance is essentially about effective and ethical leadership by the BCMDA Board. It requires leadership that is able to integrate decision-making, business strategy and sustainability. It also calls for an inclusive and collaborative approach with stakeholders, in order 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 the following outcomes, viz: ethical culture, good performance, effective control and legitimacy. The Board consists of a majority of 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 Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that the Agency is managed ethically and within prudently determined risk parameters.

The BCMDA must perform according to a service delivery agreement and performance objectives set by the Buffalo City Metropolitan Municipality.

The BCMDA's 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.

The internal audit team provided regular feedback to the Audit and Risk Committee, which is responsible for

monitoring compliance with the King Code. The entity applies the governance principles contained in the King Code as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring of the entity's compliance with the King Code on Corporate Governance forms part of the Shareholder mandate of the Audit and Risk committee. The entity has complied with the Code in as far as it applies during the year under review.

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment.

The fundamental 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, the board is sensitive to the legitimate interests and expectations of the entity's stakeholders.

The BCMDA, as an entity of BCMM has both social and moral obligations to the citizens. The Board is responsible for ensuring that the BCMDA protects, enhances and invests in the economy, society and the natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

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

The internal audit team provides assurance on the BCMDA's compliance with laws and regulations.

4.2 Board of Directors

The BCMDA has a single shareholder that is the Buffalo City Metropolitan (BCMM). Municipality (BCMM). For the current year, the Board consisted of five members in the 1st and 2nd quarter, whose term ended in December 2016. In the 3rd and 4th term six new Board members had been appointed, three of whom were retained from the previous Board membership and three newly appointed. Their term was effective from 01 February 2017.

The Board is constituted as follows:

- Six non-executive Directors,
- A Councillor & an official from BCMM who serve as non-participating observer members
- The Chief Executive Officer
- The Chief Financial Officer 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 culture of ethical behaviour
- Entrenching sound corporate governance through an integrated governance structure; and
- Compliance with all relevant laws, regulation and codes of practice

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- Ensuring that appropriate management structures are in place to ensure day to day Promoting culture of ethical behaviour
- Entrenching sound corporate governance through an integrated governance structure; and Compliance with all relevant legislation, regulations and codes of practice

Member	Capacity	Race	Gender	Qualifications/ skills/ expertise	Committee Membership
Mr T Bonakele	Chairperson of the Board	African	Male	Attorney/ Regulator	GC Chairperson
Mr Simphiwe Khondlo	Member	African	Male	Engineer	GC PDI; OC Chairperson
Mr Chuma Sangqu	Member	African	Male	Project manager	GC & PDIC Chairperson
Ms Nomalungelo Buela Petelo-Ngcanga	Member	African	Female	Management	PDIC and GC
Mr John Badenhurst	Member	White	Male	Teacher and Politician	OC and PDIC
Ms Mankomo Ulyth Pango	Member	African	Female	Teacher and Politician	OC

Table 4: Board of Directors

The Board 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.

The Board meets not less than four times a year to consider matters specifically reserved for its attention. The Board has established three sub-committees namely Governance Committee (GC), Organisational Committee (OC) and The Project Development and Investment Committee (PDIC). During the year under review, the Board met five times as per the schedule of meetings below. The term of office of the Executive member of the Board runs from 16 February 2017 to 31 January 2020.

4.2.1 Board Meeting Schedule and Attendance

Date	T Bonakele	S Sangqu	S Khondlo	M Pango	J Badenhorst	N Ngcanga
24 November 2017	Yes	Yes	Yes	Yes	Yes	Apology

Table 5: Schedule of Board Meetings & Attendance for 1st & 2nd Quarter

Date	T Bonakele	S Sangqu	S Khondlo	M Pango	J Badenhorst	N Ngcanga
23 February 2018	Apology	Yes	Yes	Yes	Yes	Apology
26 April 2018	Yes	Yes	Apology	Yes	Yes	Apology
28 May 2018	Yes	Yes	Yes	Yes	Yes	Yes

Table 6: Schedule of Board Meetings & Attendance for 3rd & 4th Quarter

4.3 Board Committees

As indicated, there are three Board committees, which are Governance Committee, Organisational Committee and the Project Development and Investment Committee.

Their recommendations and reports to the Board ensure transparency and full disclosure of the committee activities. Each committee carries out its duties within the terms of reference that define its composition, role, responsibility and delegated authority.

4.3.1 Governance Committee Meeting Schedule & Attendance

To sit on an ad hoc basis.

4.3.2 Organisational Committee Meeting Schedule & Attendance

Date	S Khondlo	J Badenhorst	M. Pango
17 November 2017	Yes	Yes	Yes

Table 7: Schedule of Organisational Committee Meetings & Attendance for 1st & 2nd Quarter

Date	S Kondlo	J Badenhorst	M Pango
09 February 2018	Yes	Yes	Yes
19 April 2018	Yes	Yes	Yes

Table 8: Schedule of Organisational Committee Meetings & Attendance for 3rd & 4th Quarter

4.3.3 Project Development & Investment Committee Meeting Schedule & Attendance

Date	S Sangqu	N Petela- Ngcanga	S Kondlo	J Badenhorst
17 November 2017	Yes	Yes	Yes	Yes

Table 9: Schedule of Project Development & Investment Committee Meetings & Attendance for 1st & 2nd Quarter

Date	S Sangqu	J Badenhorst	S Kondlo	N Petela Ngcanga
09 February 2018	Yes	Yes	Yes	Yes
18 April 2018	Yes	Yes	Yes	Apology

Table 10: Schedule of Project Development & Investment Committee Meetings & Attendance for 3rd & 4th Quarter

4.4 Financial Reporting

In terms of Section 87 (subsection 11) of the agency is required to submit monthly financial information to BCMM, 7 working days after the end of the month. In addition, BCMDA submits quarterly performance reports to BCMM.

Board Members	Amount
TK Bonakele	R 158 890.36
S.N Kondlo	R 75 058.67
N Petela Ngcanga	R 133 629.78
C.T Sangqu	R 174 114.43
M.U Pango	R 175 912.79
J.H Badenhorst	R 181 581.73
L.E Simon-Ndzele	R 523.56
Total:	R 899 711.32

Table 11: Board Remuneration for 2017/18

4.5 EXCO Functionality

The function of Executive Committee (EXCO) is to drive the strategic direction of the organization.

Dates of EXCO Meetings held in 2017/18 financial year		
27 June 2017	26 September 2017	14 February 2018
18 July 2017	03 October 2017	19 March 2018
02 August 2017	17 October 2017	10 April 2018
08 August 2017	03 November 2017	09 May 2018
23 August 2017	13 December 2018	
07 September 2017	23 January 2018	

Table 12: EXCO Meetings were held in 2017/18 financial year

Executives	Amounts
Gcinumzi Qotywa	R 498 084.99
Bulumko Nelana	R 1 575 000.00
Vicky Ntsodo	R 1 387 790.00
Eldrid Uithaler	R 1 242 205.00
Xola Jikela	R 1 189 282.00
Welekazi Dukuza	R 851 556.66

Table 13: Executives Remuneration for 2017/18

4.6 Audit Function

With regards to the Audit Committee (AC), the Agency is sharing or utilising the Audit Committee of the parent municipality. The AC members are as follows:

Date	Name of Audit Committee Member and Status of Attendance					
	R. Shaw	Y. Roboji	P. Ntuli	S. Sokutu	P. Mzizi	T. Zororo
22 November 2017	Yes	Yes	Yes	Yes	Apology	Apology
13 February 2018	Yes	Yes	Yes	Yes	Yes	Yes
20 April 2018	Yes	Yes	Yes	Apology	Yes	Apology

Table 14: Schedule of Audit Committee Meetings and Attendance for 2017/18 Financial Year

4.6.1 Roles and Responsibilities of Audit Committee

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

4.7 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.
- 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.

4.8 Risk Management & Audit Committee

4.8.1 Risk Management

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.

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.

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.

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.

The risk management programmes and/or activities that were implemented during the 2017/2018 financial year are as follows:

- Strategic Risks Management and Monitoring
- Operational Risks Management and Monitoring
- Audit Tracking Reports and Monitoring
- Code of Ethics Policy

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.

4.8.2 Strategic Risks

	Strategic objective	Risk description at Strategic Objective level	Existing controls	Actions to improve management of the risk	Status
1	Equitable and sound corporate governance	Non-adherence to policies, procedures and legislative prescripts	Existence of Induction procedure. Existence of BCMDA's Code of Conduct Annual policy awareness sessions.	Annual review and update of all policies. Develop a policy to enhance consequence management in relation to irregular, fruitless and wasteful expenditure.	All policies have been updated with few to be updated in September 2018.
		Non-compliance with applicable policies, regulations and/or legislation	Existence of compliance register Existence of policies Existence of Management oversight	Annual planning and budgeting; Bi-annual policy awareness campaigns Implementation of fraud prevention	The agency does regular annual planning and budgeting. Policy workshops are held regularly for staff and Board. Fraud prevention plan is in place.
		Inability to spend allocated funds	Existence of annual procurement plan Existence of Project Management Framework and procedures manual	Monthly reminders to Divisions to comply with procurement plan	Monthly financial reporting done by EXCO and the CFO guides divisions on expenditure management.
2	Adequate and appropriately skilled staff	Non-alignment of organizational structure to the mandate	Approved organogram Regular review of the strategy and organogram	Ensure financial viability of the organisation Annual job reviewal process	The new structure has been proposed and was approved by Board. However, BCMM advised that due to financial constraints no new positions should be filled. The jobs are reviewed annually by Corporate services.
		Limited funding for organizational organogram	Existence of partnership agreements	Annual job enrichment process	
		Inability to retain experienced and qualified personnel	Existence of retention and remuneration policy Outsourced skills Existing training and skills development policy and plan Existence of Performance Management and Development System (PMDS)		
3	Effective brand management & communication	Limited brand positioning of the BCMDA Lack of respect for the BCMDA brand by strategic stakeholders Ineffective communication of the strategy	Established media partnerships Existence of marketing and communications strategy Effective management of design services (Appointment of MDA Consultants)	ICT embedded Marketing and Communication Strategy Motivate for additional HR and financial resources Referral process (Like minded SOE's) Enhancement of	BCMDA has presence in social media and has an active website for marketing and communication. Limited budget and staffing a major constraint to the performance of this function. Established partnerships with TNPA,

	Strategic objective	Risk description at Strategic Objective level	Existing controls	Actions to improve management of the risk	Status
		and programs of BCMDA to the public and the City	Existing collaborative partnerships (TNPA, IBC, BCMM)	the monitoring and evaluation process of the consultants	ECDC and Invest Buffalo City.
4	Effective board secretariat and legal support	Non-implementation of board resolutions Exposure of the Agency to non-compliance and litigation and ill advise Compromised effectiveness of corporate governance structures	Existence of resolution register and board follow-up. Existence of Standard Operating Procedures (SOP) Existence of Board Annual Plan Board capacitation and evaluation Provision of electronic communications equipment	Motivate for more budget and staffing Skills gap training to enhance job performance	A request for more budget has been made and submitted request for human resource.
5	Effective open space management	Non-implementation of the intended development projects as per SDA Non-delivery of stakeholder's expectations	Existence of a signed Service Delivery Agreement (SDA) Continuous engagements with the main shareholder. Submission of funding proposals for additional projects (external) Existence of approved Financial Sustainability Strategy	Continuous engagements at management and board level aiming at obtaining more focused open space management projects. Board and CEO's engagement of the City in pursuance of the matters as captured in the SDA Monthly reporting at EXCO meetings	Exco has discussed the matter of projects monthly and resultantly various requests has been sent to BCM, both Top Management and Council to increase the project portfolio of the Agency. CEO has presented these matters in the Top Management meetings, he attends.
6	Inner City Regeneration	Ineffective delivery of projects in relation to Inner City Regeneration No realizable beautification and safety improvement in the Buffalo City Metropolitan Area Inadequate implementation of Inner-City Regeneration plans	Continuous engagements with BCMM. Approved City Improvement District (CID) concept by the BCMDA board Signed agreement with Invest Buffalo City (IBC) on the Call2Action Existence of live projects	Continuous engagements with all relevant stakeholders aiming at obtaining buy-in. Sleepers Site role clarification and other catalytic projects	Sleepers site has been provided to BCMDA as a catalytic project and to get a partnership in place with PIC. The Safety and security project will continue in the 2018/19 FY after Madolo Security Services requested to exit from the contract.
7	A well-developed beach front	Non-implementation of the intended development projects as per SDA Non-delivery on project implementation programs	Signed SDA with the City and SLA with consultants (MDA) Continuous engagements with the main shareholder. Adherence to works program (Project	Immediate plan should the consultant's agreements be cancelled (Contingency plan) Intensify project monitoring and evaluation process	Regular monthly meeting is held to ensure the consultant team are on target with delivery of the Court Crescent and Water World projects. The EIA and Town Planning applications are currently in progress.

	Strategic objective	Risk description at Strategic Objective level	Existing controls	Actions to improve management of the risk	Status
		Potential cancellation of contract with service provider due to poor and insufficient services	schedule) Continued engagements with consultants to resolve impasse and poor performance		
8	Tourism opportunities exploited in high value products	Inability to attract tourists and investment opportunities. Inadequate strategic partnerships to attain high value tourism products.	Implementation of the marketing strategy which gives effect to various partnerships. Existing draft annual marketing plan to be approved	Develop a plan to identify high impact tourism value partnerships. Motivate for the filling of the position of Manager: Investment and Promotions	In the process of established partnerships for Investment Seminar. Budget Constraints
9	Job Creation	Inability to create jobs Inability to service the mandate of the Agency Compromised continuity of the Agency	Continuous engagements with the main shareholder. Submission of funding proposals for additional projects Projects funded by external partners (DEA) Perused agreements with external partners	Request additional funding from the parent municipality. Secure additional external funding and partnerships Engage stakeholders to establish collaborative projects	The DEA Waste Management Systems project proposal and business plan has been submitted and the Agency is awaiting outcome of this process. Various NPOs are currently assisted with socio-economic interventions through the Agency's Community Development Projects
10	Efficient and effective information technology and knowledge management services	Loss of data in the event of disaster or system failure Loss of institutional memory	Approved ICT Governance Framework. Approved revised organogram Daily server backups Active Directory implementation (Password Changes, Username) Antivirus Protection Firewall/Network Security Insurance of ICT assets and data Shared Server/Folder Implementation	Implementation of EDMS. Development of Disaster Recovery Plan (DRP) Motivate for appropriate office space Approval of offsite storage facility by the City	Metrofile has been appointed as the service provider for implementation of EDMS. Disaster Recovery Plan has been developed and approved.

4.9 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.

4.9.1 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:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- Fair commercial and competitive business practices.
- Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- Taking environmental and social issues into consideration.
- 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.

4.9.2 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.

4.10 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.

4.11 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 is currently no reported fraud and corruption matters to the Agency.

4.12 Information and Communication Technology (ICT) Governance

Information and Communication Technology Governance Framework

ICT Governance Framework has been developed and approved by the Board in Quarter 2 (November 2017). The implementation has been included in the APP 2018/19 for the division to ensure monitoring on a quarterly basis.

The effectiveness of ICT controls

ICT controls are designed to provide assurance that assets are safe guarded and that the confidentiality, and integrity, and availability of information are assured under all circumstances. The Executive Manager: Corporate Services, together with the ICT Administrator are working on a holistic approach of reporting on ICT security matters. The agency has subsequently implemented Active Directory Domain.

- Implementation of domain controllers
- Account Segregation (Administrative Account)

ICT Risk Management

Another important principle of King VI is ICT risks management and its inclusion in Enterprise Risk Management. The ICT Risk Action Plan and the ICT Audit Action Plan are currently being actioned in line with the Auditors recommendations. Internal Audit Unit conducted an audit in Q3 and findings have been communicated in Q4.

Disaster Recovery Planning/ Business Continuity

The Disaster Recovery Plan was developed and approved by EXCO in Quarter 3. The establishment of Disaster Recovery Site has been budgeted for in the next Financial Year which is 2018/19 FY.

Security

Network Security

It is managed by East London IDZ in which they currently deployed a functional Firewall.

Computer Security

Windows Firewall is active on all Agency laptops with installed Kaspersky Anti-virus 2017. The Agency will procure an Enterprise Antivirus Solution in 2018/19 FY as the current stand-alone license possess a challenge in monitoring.

ICT Strategy

The ICT Strategy was completed and approved by EXCO. The ICT Steering Committee will then monitor the implementation of the strategy. The ICT strategy is to be reviewed on an annual basis to ensure alignment to Agency's strategic goals.

ICT Policies

The Agency has 8 approved ICT policies, which are:

- Password and User ID Policy
- Internet and Email Usage Policy
- Policy on use of Computer Equipment
- IT Server Documentation Policy
- VPN: Virtual Private Network Policy
- Disaster Recovery Policy
- Information Security Policy
- Virus and Malware Management Policy

and four approved procedures:

- ICT Change Management Procedure
- ICT User Account Management Procedure
- Backup Procedure
- Disaster Recovery Plan

ICT Structures

- ICT Steering Committee

The ICT steering committee members have been appointed in Quarter 4 (2017/18 FY). The committee will meet on a quarterly basis as indicated on the BCMDA ICT Governance Framework.

- Meetings (Progress Report)

No Meeting held

- Plans for the committee

Currently developing the terms of reference for the ICT Steering Committee

4.13 Stakeholder Management

BCMDA is committed to developing and maintaining successful partnerships and working relationships with people, communities, businesses, entities and organisations impacted and indirectly by our operations. Good communication and stakeholder engagement are crucial to sustaining positive and enduring relationships based on trust and mutual benefit, and in turn building acceptance, support and trust to operate within the respective communities.

Residents and communities know what they want from services and what needs to be done to improve the areas where they live. This requires local government to provide residents with more information and to ensure that stakeholders have more opportunities to get involved and contribute towards development in their respective communities. Collaboration between government and stakeholders should be encouraged, to improve effectiveness and to strengthen community cohesion.

To date the BCMDA has undertaken significant community and stakeholder engagement as part of the Marketing and Communication strategy to position the BCMDA brand and foster relations in Buffalo City. Stakeholder engagement has included interactive processes, in which the stakeholders and the community has been engaged as active partners.

This includes doing public participation in the planning stage, consultations with communities and affected parties during design stage, and value-adding activities involving community members in projects such as the peoples' history and heritage projects that tell the story of the neighbourhood.

In 2018/19 further methods of engaging with local stakeholder communities will be explored to better respond to the needs and lifestyles of the citizens of Buffalo City. To this end BCMDA will strive to:

- Keep stakeholders informed, making sure there is accurate understanding of the impact of the Agency's developments in their area. This is about ensuring that stakeholders are actively engaged from the very inception of the project concept and play a meaningful role in shaping the development outcomes and future custodianship of the development.
- Manage expectations and perceptions of all stakeholder groups throughout the project by providing clear and regular communication and mobilization activities, explaining the purpose, scope and outcomes of each project to minimize misunderstanding and misinformation.
- Ensure all stakeholders understand, support and develop buy-in and ownership of the Agency's projects.

4.13.1 Managing Stakeholder Relationships

The BCMDA has established key linkages and relationships with the Buffalo City and other state-owned entities. These relationships are vital to ensure that development is aligned with the vision and policies for Buffalo City.

One of the BCMDA's strategic goals is to co-produce solutions in partnership with local stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities, but should not be

read or interpreted as if it stands isolated from the other strategic goals. A more responsible and effective approach is to work with local stakeholders to produce solutions by drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.

The Chief Executive Officer attends the BCMM monthly Top Management meetings and the monthly BCMM Council meetings. This financial year the agency has interacted and established partnerships with many important stakeholders including TNPA, IDC and HRSC to deliver on the mandate.

4.13.2 Business engagements

BCMDA also had engagements with 25 potential investors including Eastern Cape Rural Development Agency, Department of Land Reform and the Rural Development as well as the PIC.

BCMDA was also approached by ECDC, IBC and TNPA to establish a partnership to host an Investment Seminar, based on the success of the BCMDA Investment Seminar in November 2017.

4.13.3 Community Engagements

BCMDA also had extensive community engagements this financial year as listed in table below:

DATE	EVENT
3 August 2017	Stakeholder Engagement to present BCMDA projects
19 October 2017	Local Heroes-The Venue
3 November 2017	Stakeholder Engagement to present Court Crescent vision
9-10 November 2017	BCMDA Investment Seminar
25 November 2017	Berlin November
26 November 2017	Daily Dispatch Fun Run
09 April 2018	EIA Public meeting vision for Court Crescent
10 April 2018	EIA Public meeting vision for Water World
03 May 2018	Imonti Modern Book Launch
22 – 23 May 2018	BCMM Waste Indaba
07 June 2018	Launch of BCMDA Community Development Projects
27 -28 June 2018	Small Harbours & Coastal Properties Investment Conference
18 June 2018	BCMM Integration Sustainable Human Settlement Plan Workshop at ELICC
28 – 30 June 2018	BRICS Friendly City Conference 2018

Table 15: Stakeholder Engagements

4.14 Environmental Sustainability Report

Environmental sustainability plays an integral part in all of the BCMDA's development projects, which all comply with environmental impact regulations

To minimise their environmental impact, the BCMDA teams has introduced the following measures to promote a green environment:

- Reduction in use of air-conditioner by opening windows in offices.
- Reduced use of paper; implementing EDMS
- Sensor lights in the bathrooms
- Acquisition of tablets for board

The BCMM 2030 Metro Growth & Development Strategy (MGDS 2030) responds to the multiple challenges and uncertain futures faced by the city. To cope with change, the Buffalo City aims to strengthen the adaptive capacity of the City and its citizens, so that it may become more resilient to potential and unpredictable futures. Rather than develop a blueprint plan for the future, the MGDS lays the foundation for multi-sectoral and integrated responses to the challenges the city faces.

As a municipal entity the BCMDA has close proximity to the parent municipality and this should assist in ensuring the approval of development plans and the provision of bulk infrastructure where needed. Currently, however, like most

municipalities, BCMM has a challenge of competing demands. The main challenge every municipality has to deal with is the need to balance infrastructure expenditure between three competing needs:

- The need for infrastructure that supports economic growth;
- The need for infrastructure that addresses service backlogs; and
- The need to maintain and refurbish existing infrastructure.

To compound the challenge, below are some of the realities of the local government sphere, even though BCMM is trying to find ways of getting out of this quagmire:

- **Access to bulk Infrastructure:** Municipalities are responsible for sustainability. In the medium to long term, it threatens the overall development of the municipal spaces and thereby continue to put the pressure on the state to provide jobs whereas serviced land would assist to attract investors
- **Rehabilitation of the infrastructure network in existing formal areas including the capacity to densify:** Municipalities in South Africa are not making adequate provision for the long-term preventive maintenance, refurbishment and eventual replacement of their infrastructure. In the medium term this impacts on the sustainability of existing business and in the long term on the ability to attract investors.
- **Extended period for municipal planning and proclamation approvals:** There is an extended period for municipal planning and proclamation approvals due to onerous regulatory requirements and inadequate capacity within municipalities. This increases the cost of development and undermines the viability of projects.
- **Land use municipal regulation:** There are extensive delays in respect of zoning approvals and issuing, which may lead to further delays in any development.
- **The compact city:** South African cities are characterised by an inefficient and inequitable spatial structure which comprises very low densities, the poor located on the periphery of the city often in areas that are marginalised and a lack of cost-effective transport systems. Increasingly there is recognition that the spatial intervention to address this issue is linked to the creation of affordable transportation networks that link low income residential areas to cities. Another related issue here is the neglect in the management of open spaces in the poor areas resulting into proliferation of dump sites:

MGDS 2030 Strategic Pillar	BCMDA Outcome Oriented Goal	BCMDA Strategic Objective
A Well Governed City	A stable and fully capacitated agency to deliver on its mandate efficiently and effectively	Equitable and sound corporate governance Adequate and appropriately skilled staff Efficient and effective information technology and knowledge management service Effective board secretariat and legal support Effective brand management and communication
Innovative & Productive City	Improved number of tourists and tourism spend in Buffalo City	Tourism opportunities exploited in high value products
A spatially Transformed City	Efficient, productive and sustainable management of land and buildings	Inner City Regeneration A well-developed beach front
A Green City	Improved socio-economic benefits within Buffalo City	Job Creation and Economic Empowerment

Table 16: Strategic alignment to MGDS 2030

4.14.1 Environmental impact

Environmental sustainability plays an integral part in all of the BCMDA's development projects, which all comply with environmental impact regulations.

The Agency is an implementing agency for the Greenest Municipality project which is funded by the Department of Environmental Affairs (DEA). This project has already employed 80 people mostly from Nompumelelo and Orange Grove townships. This project is part of DEA Programme aimed at municipalities with a primary focus on implementing the National Waste Management Strategy as well as the BCMM Integrated Waste Management Plan. This project has been further extended from its original closing date of August 2017 to January 2018.

Call-2-Action (partnership between Business, Civil Society and Government) had been established to deliver on various CID Modalities and lead to the conceptualisation of a Clean & Green City Programme in four (4) pilot areas – of which the Beachfront (Esplanade and Quigney) is one

The following CID modalities: greening & beautification, maintenance, safety and security, and physical upgrading will be rolled out over the next three years. Currently the Call-2-Action has implemented aspects in relation to greening and beautification in Settlers Way and the East London Beach Front. To complement this BCMDA has appointed a service provider to assist with Safety and Security services along the Beachfront for a period of twelve (12) months, commencing in December 2018.

BCMDA programmes that respond to MGDS Pillar- A spatially transformed city	Outline
Number of City Improvement Districts established	Even though no CID has been established a CID has been developed and presented to the Board for approval. BCMDA is participating in the Invest Buffalo City initiative of Call-2-Action which will eventually lead to implementation of a CID in one of the pilot sites.
BCMDA programmes that respond to MGDS Pillar- A Green City	
Job Creation	29 (FTES) Full Time Equivalent jobs. However, there are 80 people working on the project since February 2017
	BCMDA has also made a significant contribution towards socio-economic development in Buffalo City with the launch of the Community
	Development Fund. This was marked by the awarding of funds to 10 NPOs for various projects throughout the metro. These projects have a job creation element and serve to enhance economic development and build sustainable communities.

Table 17:BCMDA Programs that respond to MGDS 2030

4.14.2 Corporate Social Responsibility

CSI forms an integral part of BCMDA's commitment to development of communities and to enhance the company's reputation of being a responsible corporate and valued partner amongst the communities it serves. To give effect to this intent, BCMDA commits itself to invest in the development of projects that empower and assist especially vulnerable community groups within the broader Buffalo City Metropolitan area. This is done by selecting a suite of community development projects that have the potential to become sustainable and independent operations after exiting of BCMDA. The number of projects and focus areas will change per financial year and as the need prescribes. In addition, sponsorship and donations are used as a means to partner and increase the marketing collateral of the BCMDA.

Applicant	NPO Location and Ward	BCMDA Focus Area	Total Funding
1. ristian Social Services	Ward 4, 12 Beatty Road, Selbourne, East London	Community Development	33 147.95
2. Nicro	Ward 3 18 Muller Street, Southernwood, East London, 5201	Youth Development & Safety and Security	45 000.00
3. Jack and Jill Edu - care Centre	Ward 5 40144 Phase 2, Scenery Park, East London, 5253	Community Development	45 051.35
4. Masibambisane Home Based Care and Support Group	Ward 22 & 24 146 NU 17, Mdantsane / Potsdam, Nxamkwana, Unit P, Embekweni, 5219	Community Development and Capacity Building	31 798.00
5. Angels Orphanage Projects	Ward 5 37181 Phase 1, Chalanom Crescent, Scenery Park, East London	Community Development	45 051.35
6. Small Projects Foundation	Ward 26, 31 & 32 Tyolomnqa / Newlands	Food Security and Community Development	29 666.00
7. Zanoncedo Empowerment Centre	Ward 32, Mpongo Location, Chalumna, East London	Youth Development and Capacity Building	45 051.00
8. East London High Transmission Area Project	Ward 6, Erf No. 32536, Corner Ford & Matanzima Street, Duncan Village, East London, 5201	Environmental Waste and Cleansing	23 606.91
9. Dibashe Special Centre	Ward 48 - 1431, NU 10, Mdantsane, East London	Community Development	45 051.35
10. Eluxolweni Community Wellness Centre	Ward 17, Eluxolweni Location, Newlands - Mdantsane	Community Development and Food Security	45 051.35

5 ORGANISATIONAL PERFORMANCE

5.1 Goal 1: A stable and fully capacitated agency to deliver on its mandate efficiently and effectively

MGDS PILLAR: A Well Governed City					
IDP KPI: Good Governance and Participation					
BCMDA STRATEGIC OBJECTIVE: Effective Board Secretariat and Legal Support					
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)	
Number of board & committee meetings organized and recorded	21	20	21 Achieved	5 Board Meetings (including one special board meeting) were held together with 16 meetings for the four board committees.	
Percentage implementation of board resolutions	90 %	100%	99% of Board Resolutions have been implemented Not Achieved	1 partially implemented	
Percentage of board secretariat functions and legal support matters dealt with as per legislated time-frames	100%	100%	100% - All board secretariat functions and legal support matters were dealt with as per legislated time-frames. Achieved	None	
Percentage implementation of litigation matters attended to within time-frames	100%	100%	No litigation matters in the year under review. Achieved	None	

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Equitable and Sound Corporate Governance				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage Expenditure	32%	99%	Expenditure is 106 % (excluding conditional grants expenditure) Achieved	Non-receipt of DEA Grant due to non-approval of the business plan leading to non-expenditure in certain votes and cash flow constraints.
Auditor – General Audit Opinion	Unqualified Audit Opinion was received from the Auditor General	Unqualified Audit Report	Unqualified Audit opinion was received from Auditor General in Q2 Achieved	None
Percentage implementation of risk based internal audit plan	100%	100% Implementation of the Risk Register and Internal Audit Plan	90%YTD implementation of internal audit plan Not achieved	Resignation and vacancy relating to the Company Secretary position led to delay in progress. On 01 July 2018 a new Company Secretary was appointed.
Percentage implementation of audit recommendations from all audit reports (external).	90%	90%	100% of findings raised were resolved by April 2018. Achieved	None

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Adequate and Appropriately Skilled Staff				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage vacancy rate on funded posts	35,2%	10%	11% Not Achieved	The Agency had to delay the appointment of Programme Manager due financial resources. To ensure all funded positions are filled in the 1 st Quarter of 2018/19FY. The average is 6.8 for the Financial Year.
Percentage Turnover of staff	0%	12%	5.5% Achieved.	None
Percentage of women	54%	50%	65% of the staff of the Agency are women Achieved	No Challenges experienced. Target has been achieved.
Percentage implementation of PMDS	66%	100%	All employees have signed Performance agreements and annual work plans 100% All employees signed their half yearly verifications. All year-end reviews will be conducted and signed off before 20 th July 2018. Achieved.	No Challenges experienced. Target has been achieved.

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Efficient and Effective Information Technology and Knowledge Management Services				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage implementation of an Electronic document managements system	Nil	30% of concept and design approval	Terms of reference for EDMS were developed and approved. Tender was advertised and closed in the month of February 2018 The service provider has been appointed and implementation has begun Achieved.	No Challenges experienced. Target has been achieved.

MGDS PILLAR: A Well Governed City				
IDP KPI: Good Governance and Participation				
BCMDA STRATEGIC OBJECTIVE: Effective Brand Management and Communication				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage implementation of the marketing strategy	Draft marketing strategy has been developed and some marketing activities implemented	Marketing strategy developed and implemented	Marketing strategy developed and 100% marketing activities implemented Achieved	Additional human resources required
Percentage implementation of the Stakeholder Relations Management strategy	Draft Stakeholder Relations Management strategy has been developed and some stakeholder engagement activities implemented	Stakeholder Relations Management strategy developed and implemented	Comprehensive Stakeholder Relations Management strategy developed and 100% of stakeholder engagement activities implemented Achieved.	Additional human resources required

5.2 Goal 2: Improved Number of Tourists and Tourism Spend in Buffalo City

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Tourism Opportunities Exploited in High Value Products				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Number of tourist attraction activities implemented and/or supported	0	2	Implemented 2 and partnered 1 tourist attraction activity. Achieved.	Additional human resources required
Percentage development of the Water world as a leisure tourist site	Professional Service Provider for Precinct Plans appointed	25% Construction completed	Not achieved	Draft designs developed and working drawings in progress; The draft designs for Water World site has been approved and instructions were given to the Consultant to commence all town planning and EIA and concurrent working drawings and submissions to BCMM. Subdivision and rezoning application not yet submitted; Consultant requested to make a full submission of designs and zoning and subdivision application to BCMM; EIA process to be expedited and to engage DEDEAT; EIA application not yet submitted due to Final Designs not yet completed; Impasse on fees and scope with consultant; Impasse resolved. Contract and scope of work reduced to design services and related approvals, BOQ and Tender Document only.

5.3 Goal 3: Efficient, Productive and Sustainable Management of Land and Buildings

MGDS PILLAR: A Spatially Transformed City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Inner City Regeneration				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Number of City Improvement Districts established	Visit various CID implementers	1	1	Delay in attaining comments from the BCMM's General Manager for Community Services and Safety and Security; Appointment process in progress as Tender advertised for prospective service providers; No constructive input from BCMM on activities to be delivered by the Service Provider; Communication to Director Security Services to illicit input from BCMM; Non-compliance in regards of visual presentation by contractor; Communication of challenges to contractor and planning of launch event; Contractor gave notice to exit contractual obligations.

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: A Well-Developed Beach Front				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage development of Marina Glen Site	Professional Service Provider for Precinct Plans appointed	10% Partnership agreement signed	Not achieved	Market valuation completed; In quarter 2 the Consultant was requested to submit formal documentation to BCMM to request zoning (BUS 1) to be extended based on SPLUMA for another 2 years; Rezoning request submitted to BCMM – no progress on rezoning process to date since June 2017; No response to request for meeting to discuss these and various matters forwarded to the HOD SP&D; BCMM to approve zoning extension; BCMDA CEO/EM:DF to have further engagements with CM/BCMM: HOD – SP&D; Legal matter in regards of previous process by BCM on land allocation; Addressed by Agency legal section.
Percentage development of the Court Crescent site	Professional Service Provider for Precinct Plans appointed	25% construction completed	Not achieved	Draft designs developed through public participation process and working drawings in progress; Approval of draft designs and concepts in November 2017. Final designs to be submitted to BCMM in 3rd Quarter; Public participation process meetings far apart; Land Availability agreement not signed; Timeous consultation and involvement of stakeholders; Consultant requested to make a full submission of designs and zoning and consolidation application to BCMM; Council to sign Land Availability agreement; Approval of draft designs and concepts in November 2017. Final designs to be submitted to BCMM in 3rd Quarter; Public participation process meetings far apart; Land Availability agreement not signed; Timeous consultation and involvement of stakeholders; Impasse on fees and scope with consultant; Impasse resolved. Contract and scope of work reduced to design services and related approvals, BOQ and Tender Document only

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: A Well-Developed Beach Front				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage development of the Seaview Terrace Site	Professional Service Provider for Precinct Plans appointed	10% Partnership agreement signed	Not achieved	Market valuation completed; however, taken for review; Zoning request submitted; The application to have an internal (BCM) rezoning process has been submitted to BCM – no progress to date; Additionally, there has been no response to a request for a meeting to discuss these and various matters; The consultant has been requested to commence the town planning application for Sea View Terrace which was submitted to BCMDA for review in December 2017; Rezoning request submitted to BCM – no progress on rezoning process to date since June 2017; BCM to approve zoning extension; BCMDA CEO/EM:DF to have further engagements with CM/BCMM: HOD – SP&D; Land not formally handed over to BCMDA; Clear indication by BCM on land disposal process. Town planning application submitted to BCM to rezone the Land in pre-emption that BCMDA will be allowed to dispose of it.
Percentage development of the Heroes Park site	Input to Consultant on Design and Development options	Design and operation plan approved	Not achieved	Continuous engagement with BCM Aquarium; This project is awaiting the Feasibility Study completion by BCM. BCMDA's role would most likely be implementation of the project. In December 2017 BCM charted the process to get this project started to be concluded in the next year; Land Availability agreement not signed; Council to sign Land Availability agreement; BCMDA to facilitate potential investor (SST) engagement and PPP agreement; Feasibility Study process not yet concluded. Engage with BCM on progress with Feasibility Study; Project under BCM / Aquarium administration; Awaiting BCM feasibility conclusion and handover of project to BCMDA

MGDS PILLAR: Innovative and Productive City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: A Well-Developed Beach Front				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Percentage upgrading of the Esplanade	Professional Service Provider for Precinct Plans appointed	20% (Designs developed and approved and contractor appointed)	Not achieved	Draft designs developed through public participation process and working drawings in progress; Approval of draft designs and concepts in November 2017; Final designs to be submitted to BCMM in 3rd Quarter; Public participation process meetings far apart; Land Availability agreement not signed; Timeous consultation and involvement of stakeholders; Consultant requested to make a full submission of designs to BCMM; Impasse on fees and scope with consultant; This part of the work withdrawn as part of resolving impasse

5.4 Goal 4: Improved Socio-Economic Benefits within Buffalo City

MGDS PILLAR: A Green City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Job Creation & Economic Empowerment				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
Number of Non-Profit Organisations supported	Policy approval and Request for proposals advertised	10	10	Advertisement for RFP done in Daily Dispatch on 17 August 2017; Committee Members Appointed, Terms of Reference developed and approved; Twenty-five (25) proposals were received and the CSI committee convened to draft assessment criteria and subsequently begin the assessment process; Qualifying NPO's was not appointed in Quarter 2 as EXCO decided that the process of Proposals be subjected to BEC and BAC; Corporate Social Investment policy doesn't elaborate on assessment criteria; Policy review process in progress; Appointment of NPO's and Disbursement of 1 st Tranche ensued Ensure SLA complete and NPO's inducted. Funds disbursement and monitoring of expenditure; Delay in Payment of

MGDS PILLAR: A Green City				
IDP KPI: Local Economic Development				
BCMDA STRATEGIC OBJECTIVE: Job Creation & Economic Empowerment				
PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET 2017/18	PROGRESS / ACHIEVEMENT AGAINST TARGET	COMMENTS (CHALLENGES / EXPLANATIONS ON VARIANCES)
				3 rd tranche, project extended to new financial year. Funds disbursement and monitoring of expenditure.
Number of Fulltime Equivalent (FTE) Jobs created	Contract with Department of Environmental Affairs	40	51	The project implementation has been extended to 22 December 2017; All 80 participants were trained on OHS and 8 supervisors were also trained on first aid. FTE was achieved in December 2017 and an addition extension was granted by DEA till 19 January 2018 for implementation to ensure all funds are spent; Project completed; No challenges to the project have been experienced. Continuous monitoring of implementation to ensure compliance.
% LEVEL ONE BBBEE expenditure on procurement of goods and services	36%	50%	42%	The major contributors to the non-achievement of this target relate to expenditure on contracts already awarded to service providers whose BBBEE status level are below level one. For future procurement the Agency will be targeting level one BBBEE contributors through exercising the 2017 PPPFA regulations which allow this.

5.5 BCMDA Projects Core Business:

The outcome-oriented goals of the BCMDA are as follows:

- A stable and fully capacitated agency to deliver on its mandate efficiently and effectively
- Improved number of tourists and tourism spend in Buffalo City
- Efficient, productive and sustainable management of land and buildings
- Improved socio-economic benefits within Buffalo City

The above goals will be achieved through the following strategic objectives:

- Equitable and sound corporate governance
- Adequate and appropriately skilled staff
- Efficient and effective information technology and knowledge management service
- Effective board secretariat and legal support
- Effective brand management and communication
- Tourism opportunities exploited in high value products
- Inner City Regeneration
- A well-developed beachfront
- Job creation and economic empowerment

To achieve the above strategic objectives and priorities and to give effect to its mandate, the BCMDA has structured around five substantive programmes.

5.5.1 *The programmes are:*

- Programmes 1: Inner City Regeneration
- Programmes 2: A well-developed beach-front
- Programmes 3: Job creation and Economic opportunities
- Programmes 4: Tourism opportunities exploited in high value products
- Programmes 5: Investment Promotion

These programmes give effect to the primary mandate of the BCMDA to attract investors into Buffalo City and to increase economic growth through tourism, economic and social development as well as property management and commercialisation.

5.5.2 *Performance of programmes*

Programmes 1: Inner City Regeneration

- **City Improvement Districts**

CALL2ACTION

The Call-2-Action (partnership between Business, Civil Society and Government) had been established to deliver on various CID Modalities and lead to the conceptualisation of a Clean & Green City Programme in four (4) pilot areas – of which the Beachfront (Esplanade and Quigney) is one

- The following CID modalities: greening & beautification, maintenance, safety and security, and physical upgrading will be rolled out over the next three years
- Currently the Call-2-Action has implemented aspects in relation to greening and beautification in Settlers Way and the East London Beach Front.

Safety and Security

The Safety and Security service provider, Madolo Security Services was appointed on 1 December 2017. Challenges were experienced due to non-compliance in terms of the branding and visibility of the service provider. The contractor gave notice to exit its contractual obligations. They concluded their services with BCMDA on 23 May 2018 and submitted their last invoice and close-out report. The advert for the new Safety and Security service provider will be advertised in September 2018.

Programmes 2: A well-developed beach-front**Marina Glen A**

Market valuation was completed and the zoning request was submitted. No progress on rezoning process to date since submission in June 2017. In quarter 2 the Consultant was requested to submit formal documentation to BCMM to request zoning (BUS 1) to be extended based on SPLUMA for another 2 years. BCMM to approve zoning extension requested. There is currently a legal matter underway with regards to previous processes by BCMM, on land allocation. This matter is being addressed by our Company Secretary and Legal Services Manager.

Court Crescent

The Draft designs for the East London Beach Front was developed through a public participation process and working drawings in progress. Challenges experienced due to the land availability agreement not being signed. The Public participation process meetings far were too far apart. It is critical to ensure timeous consultation and involvement of stakeholders in the project going forward. - In quarter 2, the Consultant was requested to submit formal documentation to BCMM to request zoning (BUS 1) to be extended based on SPLUMA for another 2 years. The ongoing legal matter regarding this site continues to pose a huge risk.

This was followed by another challenge which resulted in an impasse on fees and scope of the project with the consultant. This Impasse was resolved and resulted in the contract and scope of work being reduced to design services and related approvals, BOQ and Tender Document only.

Seaview Terrace

The application to have an internal (BCM) rezoning process has been submitted to BCMM with no progress to date. The market valuation has been completed; however, this valuation will be taken for a review. The consultant was requested to commence the town planning application for Sea View Terrace which was submitted to BCMDA for review in December 2017. However, this was not achieved. The land has not formally been handed over to BCMDA.

There is no clear direction from BCM on the land disposal process. The town planning application was submitted to BCMM to rezone the Land in pre-emption that BCMDA will be allowed to dispose of it.

Heroes Park

- **BCMM Aquarium**

This project is awaiting the Feasibility Study completion by BCMM. BCMDA's role, would most likely be implementation of the project. In December 2017, BCMM charted the process to get this project started to ensure that it is concluded in the next year.

Council has to sign Land Availability agreement. BCMDA to facilitate potential investor (SST) engagements and PPP agreements. The Feasibility Study process has not yet been concluded. To engage BCMM on progress the Feasibility Study.

The project currently falls under the BCMM / Aquarium administration.

The BCMDA will await the BCMM feasibility conclusion and the handover of the project to the agency.

- **Esplanade**

Draft designs were developed through a public participation process. The consultant requested to make a full submission of designs to BCMM. This was delayed by the impasse on fees and scope with the consultant. A decision was taken to withdraw this part of the work as part of resolving the impasse.

- **Water World**

The draft designs for the Water World site has been approved and instructions were given to the Consultant to commence all town planning and EIA processes concurrently with working drawings and submissions to BCMM. Impasse on fees and scope with consultant

The contract and scope of work reduced to design services, related approvals, BOQ and tender document only due to the impasse with the contractor.

Programmes 3: Job creation and Economic opportunities**CSI – Community Development Projects:**

Advertisement for the RFP was published in the Daily Dispatch on 17 August 2017. The Committee members were then appointed and the Terms of Reference were developed and approved.

Twenty-five (25) proposals were received and the CSI committee convened to draft the assessment criteria and subsequently began the assessment process. Qualifying NPO's was not appointed in Quarter 2 as EXCO decided that the process of Proposals be subjected to BEC and BAC.

The appointment of NPO's and the disbursement of the 1st Tranche ensued. The Second Tranche payments were made to the various organizations and projects are currently in implementation. The launch of the Community Development Projects took place on 7 June and was well attended by various stakeholders and partner organisations. The NPO's assisted by BCMDA gave an outstanding account of the worth the assistance is making in their respective organisations. Due to a shortage of funds in the Agency the Third Tranche payments could not be made, but this will be done during July after receipt of Operational Budget from BCM.

Greenest Municipal Competition (GMC) Project

This project is part of DEA Programme aimed at municipalities with a primary focus on implementing the National Waste Management Strategy as well as the BCMM Integrated Waste Management Plan. The project employed 80 people in totality, 40 in Orange Grove and another 40 in Nompumelelo. All 80 participants were trained on Occupational Health and Safety and 8 supervisors were also trained on First Aid Level 1.

This project has been further extended from its original closing date of August 2017 to January 2018.

The Audit for this project has been concluded and no report on the outcome thereof has been received by the Auditors or DEA.

Programmes 4: Tourism opportunities exploited in high value products

The BCMDA hosted a Business Seminar from 9-10 November 2018. The agency also partnered the Daily Dispatch to host the Fun Run in November 2018 and also participated in the Berlin November. The agency has thus hosted two and partnered to host an additional tourist attraction activity in 2017/18.

6 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

6.1 Introduction

BCMDA aims to be the employer of choice in its field. This is supported by the BCMDA's overall objective, as set 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.

This is further supported by the JDA's overall objective, as set out in its Employment Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment. The BCMDA periodically reviews all its employment policies and practices in line with applicable prescripts to ensure that it remains relevant and practical for the changing world of work and is attractive to potential employees.

The BCMDA has a total of 18 positions as per organogram approved in 2016/17 financial year. The structure includes:

- An Executive Management consists of level 1 and 2 which accounts for the CEO and Executive Management Committee team i.e. the Chief Executive Officer, the Chief Financial Officer, the Executive Manager: Development Implementation and the Executive Manager: Corporate Services.
- Senior Management consists of level 3 and 4 comprising Finance and Administration Manager, Supply Chain Manager and the Marketing and Communications Manager.
- Professional and Middle Management consists of level 5 and 6, comprising, Project Manager: Socio-Economic Development, Project Manager: Infrastructure Development, ICT Administrator, Programme Administrator
- Skilled technical, academically qualified and junior management are level 7 and 8, comprising a Executive Personal assistant, Receptionist, Office Assistant

The staff organogram has 20 approved positions. Of the 20 positions; 17 are filled and 3 are vacant.

In terms of physical location, all 17 employees are based at the BCMDA head Offices at the East London Industrial Development Zone.

6.2 Learning & Development

The learnership programmes provides an excellent opportunity for learners to acquire experience in their fields of expertise as well as other operational areas of the BCMDA. Two interns appointed in the Finance and Supply Chain departments for the past financial year.

Division	Date of engagement
Finance Interns x2	11/06/2018

Table 18: Learnership Programmes 2017/18

6.3 Key Vacancies (2017/18)

A key strategy of the BCMDA is to ensure that there is adequate human resources capacity to deliver on the BCMDA's mandate. The new Chief Executive Officer was appointed on 1 October 2018. With regards to vacancies, the of the Company Secretary & Legal Services Manager, the recruitment process is completed and the new Company Secretary & Legal Services Manager will assume duty in the 2018/19 financial year.

Position	Reason	Date of Termination
1. Chief Executive Officer	Resignation	30/09/2017
2. Company Secretary & Legal Services Manager	Resignation	30/04/2018
3. Programme Manager: Development Facilitation	New position	Recruitment process is currently underway

Table 19: Key Vacancies (2017/18)

6.4 Employment Equity

BCMDA is committed to the principles of equity, non-discrimination and diversity enshrined in the Constitution and the Employment Equity Act (1998). It aims to employ a diverse staff complement and support staff development and training. Equal employment opportunities are offered to all employees.

The BCMDA's staff complement as at 30 June 2018 as per the employment equity principles in terms of gender is reflected as below:

OCCUPATION LEVEL	MALE					FEMALE					TOTAL
	A	C	I	W	O	A	C	I	W	O	
Senior Management	2				1	1					4
Managers	1					1	1				3
Professional	2					2					4
Administration						4					4
Semi-Skilled						1					1
TOTAL											16

Table 20: BCMDA staff complement as at 30 June 2018

6.5 Performance Management

The BCMDA views performance management as a positive management strategy rather than a punitive process, which ensures that employees feel comfortable being part of the process. The BCMDA uses a scorecard to evaluate its managers' performance. 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 and scorecard to all employees during 2017/18. As part of the coaching and mentorship process, personal development plans (PDP's) are included in the performance review process. In areas where there are gaps identified in terms of performance, the responsible officials are earmarked to receive training to improve their skills so that they can perform better in their functions.

6.6 Skills Development

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 organisation's values, enhance leadership capability and improve the BCMDA's capacity to meet current and future business requirements. The BCMDA's Learning Strategy is based on four pillars:

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

The Agency developed a Training and Skills Development Policy which was approved by the Board of Directors on 22 May 2017.

The BCMDA'S Training & Skills Development Policy allows for funding appropriate training and development programmes that are practical and outcomes based. It also supports employees who wish to attain further qualifications to improve their productivity.

6.7 Employee Benefits

The BCMDA participates in one retirement benefit scheme: Old Mutual Superfund Scheme. All staff are required to be members of the Old Mutual Superfund (provident fund scheme). Contributions of are deducted through the payroll and paid directly into the scheme.

6.8 HR/ Payroll system procurement

In terms of mSCOA compliance, the Agency had to procure a system that is aligned to mSCOA and the Agency's Financial system. This led to the Agency procuring Sage 300 People (Payroll system) that integrates with the Agency's Financial Modules.

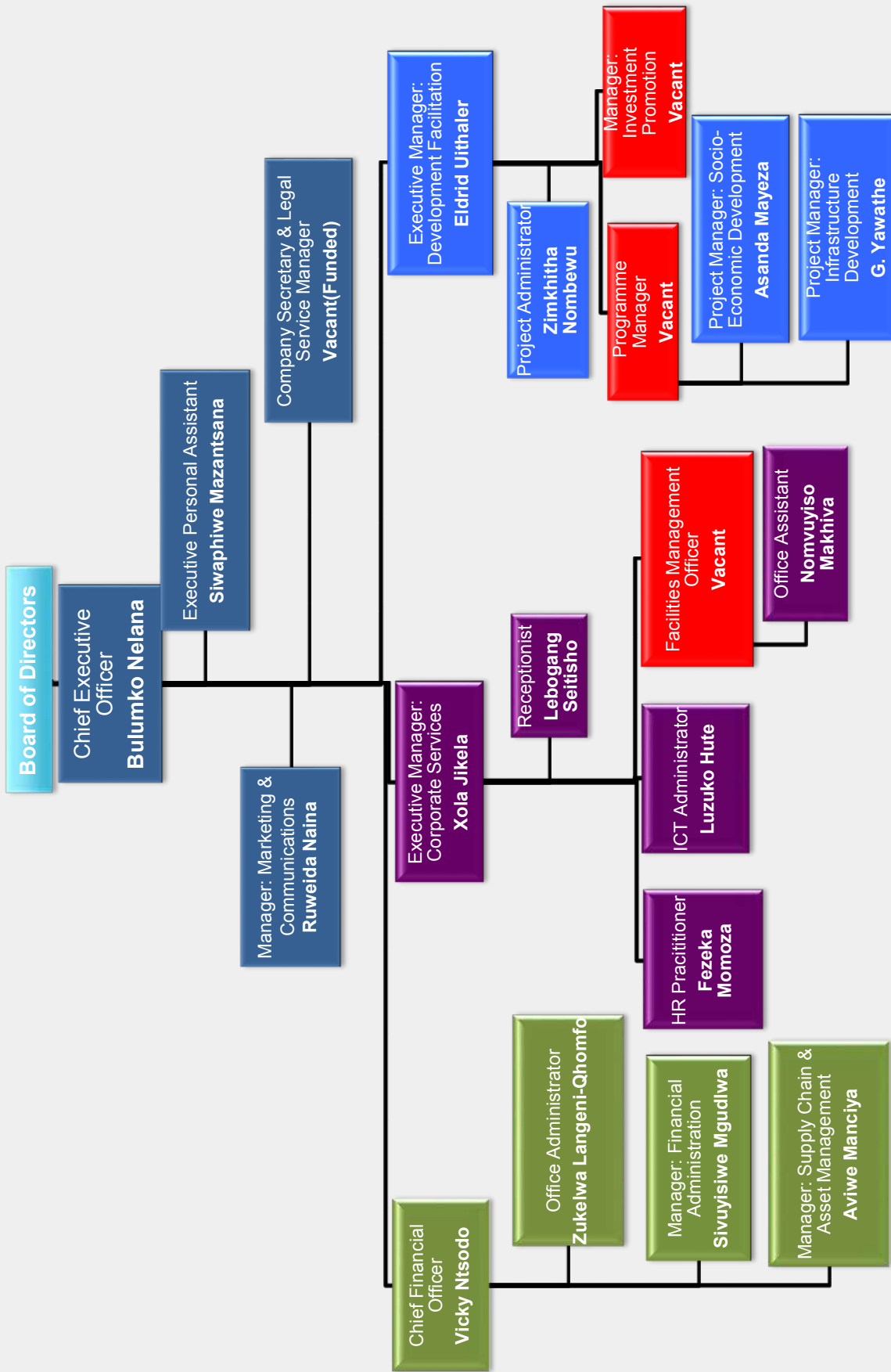
6.9 Organisational Structure

The approved organisational structure of the Agency makes provision for 20 posts of which 18 are funded and two are unfunded.

Position	Date of engagement
Project Manager: Infrastructure Development	01/07/2017
Company Secretary & Legal Services Manager	18/07/2017
Chief Executive Officer	01/10/2017

Table 21: Appointments (2017/18)

The Company Secretary and the Programme Manager positions have been advertised and will be filled in the 2018/19 financial year.



7 CASH FLOW STATEMENT AND HIGH-LEVEL NOTES

7.1 Capital Expenditure

The capital expenditure overview was as follows:

Description	Approved Adjustment Budget 2016/17	Approved Budget 2017/18	Approved Adjustment Budget 2017/18	Actual Expenditure – June 2018	% Spent
Capital Expenditure	2 758 376	962 307	736 563	350 911	47%
Property, Plant & Equipment	610 946	109 000	109 000	98 700	91%
Intangible Assets	2 147 430	853 307	627 563	252 211	40%

Table 22: Capital Expenditure (2017/18)

- Overall capital expenditure is at a minimum of 26%.
- Expenditure on property, plant and equipment is 91% and intangible assets is 40%.
- The reason for the slow expenditure pattern on intangible assets is as a result of the EDMS procurement which took longer than anticipated, the award has been made and the project has commenced.

7.2 Supply Chain Management

The Agency implements its procurement through an approved Supply Chain Management Policy that is approved by the Board of Directors. The Policy encompasses the following legislative prescripts:

- The South African Constitution Section 217
- The Municipal Finance Management Act No. 56 of 2003 (MFMA), Chapter 11
- Local Government: Municipal Supply Management (SCM) Regulations of 2005
- Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)
- Preferential Procurement Regulations, 2017

7.2.1 BID Committees

In line with the above-mentioned prescripts the Accounting Officer appointed bid committees to serve during the period 01 July 2017 to 30 June 2018. These committees are constituted as follows:

Bid Specification Committee (BSC)	Bid Evaluation Committee (BEC)	Bid Adjudication Committee (BAC)
Manager: Marketing and Communications – Office of the CEO.	Manager: Supply Chain and Asset Management – Office of the CFO	Chief Financial Officer – Chairperson.
Manager: Supply Chain and Asset Management – Office of the CFO	Project Manager: Socio Economic Development - Development Facilitation - Chairperson	Executive Manager: Development Facilitation
Manager: Legal Services and Company Secretary – Office of the CEO	ICT Administrator – Corporate Services	Executive Manager: Corporate Services
Project Manager: Infrastructure Development – Development Facilitation - Chairperson		Manager: Legal Services and Company Secretary – Office of the CEO
		Manager: Supply Chain and Asset Management - Secretariat

Table 23: Bid Committees

7.2.2 The roles of the Committees include the following:

Bid Specification Committee (BSC)

- Consider all bids above the threshold value of R200 000, bids whose project duration exceeds 12 months as well as other bids as and when required;
- Ensure that Terms of Reference / Specification are clearly defined for ease of reference to bidders and that they are compiled in an unbiased manner as defined in Section 112(1) of chapter 11 of the MFMA No. 56 of 2003.

Bid Evaluation Committee (BEC)

- Evaluate all bids above the threshold value of R30 000 and bids whose project duration exceeds 12 months in accordance with specifications of that specific bid and the point system set out in BCMDA's Supply Chain Management Policy and the Preferential Procurement Policy Framework Act;
- Ensure all information contained in each bidding document is considered during evaluation of bids and evaluate each bidder's ability to execute the contract;
- Ensure that municipal rates and taxes and municipal service charges of the recommended bidder are not in arrears and that all tax matters are in order;
- Submit to the Bid Adjudication Committee a report and recommendations regarding the awarding of the bid;

Bid Adjudication Committee (BAC)

- Consider all the reports of the BEC;
- 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.

The following table reflects the sittings of the bid committees during the period of reporting:

COMMITTEE	SITTING DATES	TENDERS CONSIDERED	MEMBER ATTENDANCE
BSC	12 April 2018	RFP 1 OF 2018 – Provision of transactional advisory services. RFP 2 of 2018 – Expression of interest for fund originators/asset managers. BID 3 OF 2018 – Provision of office space.	100%
	15 May 2018	Bid 3 of 2018 – Provision of Office Space – re-consideration. Procurement did not commence due to budgetary constraints. Bid 4 of 2018 – Provision of Accounting Support Services	100%
BEC	11 May 2018	Notice 2 of 2018 – Deployment of Skype for Business Enterprise Solution and supply associated hardware – procurement postponed due to financial constraints.	100%
	28 May 2018	Bid 2 of 2018 – provision of travel management services	75%
	15 June 2018	Bid 4 of 2018 – Provision of Accounting Support Services	75%
	28 June 2018	RFP 1 OF 2018 – Provision of transactional advisory services.	100%
BAC	18 April 2018	Bid 1 of 2018 – Provision of Electronic Document Management System – re-adjudication	75%
	28 June 2018	Bid 2 of 2018 – provision of travel management services	100%

Table 24: Bid Committee Meetings (2017/18)

7.2.3 Deviations

SCM Regulation 36 and BCMDA Policy state that: "The accounting officer may –

- a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - i. in an emergency;
 - ii. if such goods or services are produced or available from a single provider only;
 - iii. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - iv. acquisition of animals for zoos, nature reserves or game reserves; or
 - v. in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

The accounting officer must record the reasons for any deviations in terms of subsections 58 (1) (a), (b) and (c) of this policy and report them to the next meeting of the Board and include as a note to the annual financial statements.

There were no instances of deviations during the year ended 30 June 2018.

7.2.4 Black Economic Empowerment

EXPENDITURE ON B-BBEE

The following table provides a picture of expenditure per B-BBEE category for the 2017/18 financial year to date. In this regard the Agency had set a target of 50% expenditure on B-BBEE level one and the actual achievement was

SUMMARY PER BBBEE STATUS LEVEL		
BBBEE STATUS LEVEL	AMOUNT	PERCENTAGE
LEVEL ONE	2 163 627.36	41.72%
LEVEL TWO	1 505 782.28	29.03%
LEVEL THREE	580 487.28	11.19%
LEVEL FOUR	58 036.02	1.12%
LEVEL FIVE	868 116.67	16.74%
LEVEL SIX	2 855.00	0.06%
LEVEL EIGHT	7 318.80	0.14%
TOTAL	5 186 223.41	100%

Table 25: Expenditure on B-BBEE



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

(Registration number 2016/168330/30)

ANNUAL FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2018

PUBLISHED 30 JUNE 2018

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Municipal Entity																
Nature of business and principal activities	Municipal entity established to be a key implementation instrument in delivering on the Buffalo City Metropolitan Municipality's local economic development agenda.																
Board of Directors	<table> <tr> <td>T Bonakele (Chairperson)</td><td>Re-appointed 01 February 2017</td></tr> <tr> <td>C Sangqu</td><td>Re -appointed 01 February 2017</td></tr> <tr> <td>GB Qotywa (CEO)</td><td>Resigned 30 September 2017</td></tr> <tr> <td>J Badenhorst</td><td>Appointed 01 February 2017</td></tr> <tr> <td>N Petela-Ngcanga</td><td>Appointed 01 February 2017</td></tr> <tr> <td>M Pango</td><td>Appointed 01 February 2017</td></tr> <tr> <td>L Simon - Ndzele</td><td>Appointed 01 February 2017</td></tr> <tr> <td>B Nelana (CEO)</td><td>Appointed 01 October 2017</td></tr> </table>	T Bonakele (Chairperson)	Re-appointed 01 February 2017	C Sangqu	Re -appointed 01 February 2017	GB Qotywa (CEO)	Resigned 30 September 2017	J Badenhorst	Appointed 01 February 2017	N Petela-Ngcanga	Appointed 01 February 2017	M Pango	Appointed 01 February 2017	L Simon - Ndzele	Appointed 01 February 2017	B Nelana (CEO)	Appointed 01 October 2017
T Bonakele (Chairperson)	Re-appointed 01 February 2017																
C Sangqu	Re -appointed 01 February 2017																
GB Qotywa (CEO)	Resigned 30 September 2017																
J Badenhorst	Appointed 01 February 2017																
N Petela-Ngcanga	Appointed 01 February 2017																
M Pango	Appointed 01 February 2017																
L Simon - Ndzele	Appointed 01 February 2017																
B Nelana (CEO)	Appointed 01 October 2017																
Registered office	10th Floor Trust Centre Oxford Street East london 5201																
Business address	EL IDZ Investment Centre Lower Chester Road Sunnyridge East London 5201																
Postal address	PO Box 134 East London 5201																
Controlling entity	Buffalo City Metropolitan Municipality																
Bankers	First National Bank Ltd																
Company Secretary	W Dukuza																

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Index

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

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BCMM	Buffalo City Metropolitan Municipality
BCMDA	Buffalo City Metropolitan Development Agency
DEA	Department of Environmental Affairs
GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
SOC	State Owned Company

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Board's Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act 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 period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board as the prescribed accounting framework by National Treasury.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Directors have reviewed the entity's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Buffalo City Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Buffalo City Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 4 to 50, which have been prepared on the going concern basis, were approved by the Board on 21 November 2018 and were signed on its behalf by the Chief Executive Officer :



B Nelana (CEO)
Chief Executive Officer

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Board's Report

The Directors submit their report for the year ended 30 June 2018.

1. Incorporation

Following the resuscitation of the Agency by its parent municipality (BCMM), Buffalo City Metropolitan Development Agency (BCMDA) was incorporated on 20 April 2016. For the 2016/2017 and 2017/18 financial years, BCMM transferred 4 quarterly tranches, the agency's operational budget allocation amounting to R 18,1 million and R 23,1 million respectively.

2. Review of activities

Main business and operations

During the year, the mandate of the agency as approved by Council is to conceptualise, plan and execute catalytic socio-economic development projects; to serve as a tourism agency of the parent municipality and to acquire, own and manage land and buildings and or rights to land and buildings necessary to enable it to achieve its aims and objectives.

3. Going concern

We draw attention to the fact that at 30 June 2018, the agency had accumulated deficit of R 581,622 and that the Agency's total liabilities exceed its assets by R 581,622.

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 signed with the Municipality on 11 November 2016 remains effective for the future operations of the Agency.

4. Subsequent events

The Directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Directors' interest in contracts

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

6. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital / contributed capital

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

8. Board

The Directors of the entity during the year, and to the date of this report are as follows:

Name	Status	Changes
S Khondlo	Re - appointed	
C Sangqu	Re - appointed	
T Bonakele	Re - appointed	
GB Qotywa (CEO)	Resigned	Resigned 30 September 2017
J Badenhorst	Appointed	
N Petela-Ngcanga	Appointed	
M Pango	Appointed	
L Simon - Ndzele	(Shareholder Representative)	
B Nelana (CEO)	Appointed	Appointed 01 October 2017

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Board's Report

Mr G Qotywa, who was the Accounting Officer during the period under review, resigned on 30 September 2017. The Board appointed Mr B Nelana to fill the position of Accounting Officer with effect from 01 October 2017.

9. Company Secretary

Ms W Dukuza was appointed as the Company Secretary on 18 July 2017 and resigned on the 30 April 2018.

Subsequent to the reporting date, Ms N. Mpongoshe was appointed as the company secretary on 01 July 2018.

Business address	EL IDZ Investment Centre Lower Chester Road Sunnyridge East London 5201
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10. Controlling entity

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

11. Bankers

All the entity's bank accounts are held at First National Bank.

12. Auditors

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

13. Meetings

There were five (5) Board meetings held during the period 01 July 2017 to 30 June 2018. In addition, the Board had established sub committees to assist in discharging its governance responsibilities. The subcommittees are the Organisational Committee(OC), Governance Committee (GC), the Project Development and Investment Committee (PDIC) and the Audit Committee which is shared with the parent municipality.

The Organisational Committee met four (4) times, Governance Committee met two (2) times, Project Development and Investment Committee met four (4) times and the Audit Committee met four (4) times during the period under review.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	Restated 2017 Restated*
Assets			
Current Assets			
Inventories	7	33,055	24,976
Receivables from exchange transactions	8	101,763	882,367
VAT receivable	9	207,309	144,505
Cash and cash equivalents	10	366,988	3,348,385
		709,115	4,400,233
Non-Current Assets			
Property, plant and equipment	3	350,891	448,001
Intangible assets	4	1,220,920	1,586,393
Deferred tax	34	602,051	63,798
		2,173,862	2,098,192
Total Assets		2,882,977	6,498,425
Liabilities			
Current Liabilities			
Current tax payable	12	702,236	702,236
Operating lease liability	5	-	3,562
Payables from exchange transactions	13	1,904,693	3,097,971
Unspent conditional grants and receipts	11	8,848	1,489,147
Provisions	35	848,822	-
		3,464,599	5,292,916
Total Liabilities		3,464,599	5,292,916
Net (Liabilities) /Assets		(581,622)	1,205,509
Share capital / contributed capital	33	-	-
Accumulated (deficit) / surplus		(581,622)	1,205,509
Total Net Assets		(581,622)	1,205,509

* See Note 42

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	Restated 2017 Restated*
Revenue			
Revenue from exchange transactions			
Fees earned		123,740	202,224
Other income		28,867	674,496
Interest received - investment	37	145,046	200,354
Total revenue from exchange transactions	36	297,653	1,077,074
Revenue from non-exchange transactions			
Transfer revenue: Government grants & subsidies	15	21,724,255	16,882,338
Total revenue	36	22,021,908	17,959,412
Expenditure			
Employee related costs	16	(14,481,312)	(10,143,601)
Remuneration of Board Members	25	(899,711)	(458,976)
Depreciation and amortisation	38	(799,178)	(331,629)
Finance costs	39	(5,012)	(6)
Contracted services	40	(3,207,427)	(1,036,130)
General Expenses	17	(4,948,413)	(3,715,332)
Total expenditure		(24,341,053)	(15,685,674)
Operating (deficit) surplus		(2,319,145)	2,273,738
Inventories losses/write-downs		8,079	-
Write off of Intangible assets		(14,316)	-
		(6,237)	-
(Deficit) / Surplus before taxation		(2,325,382)	2,273,738
Taxation	19	(538,253)	638,439
(Deficit) / Surplus for the year		(1,787,129)	1,635,299

* See Note 42

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

	Accumulated (deficit) / surplus	Total net assets
Figures in Rand		
Balance at 01 July 2016	(429,790)	(429,790)
Changes in net assets		
Surplus for the year	1,635,299	1,635,299
Total changes	1,635,299	1,635,299
Balance at 01 July 2017	1,205,507	1,205,507
Changes in net assets		
Surplus for the year	(1,787,129)	(1,787,129)
Total changes	(1,787,129)	(1,787,129)
Balance at 30 June 2018	(581,622)	(581,622)
Note(s)		

* See Note 42

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	Restated 2017 Restated*
Cash flows from operating activities			
Receipts			
Grants		20,243,956	20,559,489
Interest income		145,046	200,354
Other Income		152,607	36,233
		<u>20,541,609</u>	<u>20,796,076</u>
Payments			
Employee costs		(13,513,610)	(9,470,479)
Suppliers		(8,815,741)	(5,212,077)
Finance costs		(5,012)	(6)
Directors Remuneration		(837,732)	(451,488)
		<u>(23,172,095)</u>	<u>(15,134,050)</u>
Net cash flows from operating activities	20	<u>(2,630,486)</u>	<u>5,662,026</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(98,700)	(538,748)
Proceeds from sale of property, plant and equipment	3	-	22,182
Purchase of other intangible assets	4	(252,211)	(1,797,036)
Net cash flows from investing activities		<u>(350,911)</u>	<u>(2,313,602)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(2,981,397)</u>	<u>3,348,424</u>
Cash and cash equivalents at the beginning of the year		3,348,385	(39)
Cash and cash equivalents at the end of the year	10	<u>366,988</u>	<u>3,348,385</u>

* See Note 42

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Fees earned	3,630,000	(1,808,000)	1,822,000	123,740	(1,698,260)	N1
Other income	7,154,000	-	7,154,000	28,867	(7,125,133)	N2
Interest received - investment	238,000	-	238,000	145,046	(92,954)	N3
Total revenue from exchange transactions	11,022,000	(1,808,000)	9,214,000	297,653	(8,916,347)	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	22,138,000	225,774	22,363,774	21,724,255	(639,519)	
Total revenue	33,160,000	(1,582,226)	31,577,774	22,021,908	(9,555,866)	

Expenditure

Personnel	15,178,000	2,366,131	17,544,131	(14,481,312)	3,062,819	N5
Remuneration of Board	850,000	(94,500)	755,500	(899,711)	(144,211)	N6
Depreciation and amortisation	471,000	386,528	857,528	(799,178)	58,350	
Finance costs	2,000	4,000	6,000	(5,012)	988	
Contracted Services	-	6,286,937	6,286,937	(3,207,427)	3,079,510	N9
General Expenses	16,659,000	(10,531,059)	6,127,941	(4,948,413)	1,179,528	N10
Total expenditure	33,160,000	(1,581,963)	31,578,037	(24,341,053)	7,236,984	

Operating deficit

Inventories losses/write-downs	-	(263)	(263)	(2,319,145)	(2,318,882)	
Loss on non-current assets held for sale or disposal groups	-	-	-	8,079	8,079	N11
	-	-	-	(14,316)	(14,316)	
	-	-	-	(6,237)	(6,237)	

Deficit before taxation

Taxation	-	(263)	(263)	(2,325,382)	(2,325,119)	
	-	-	-	(538,253)	(538,253)	

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

	-	(263)	(263)	(1,787,129)	(1,786,866)	
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Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	-	-	-	33,055	33,055	N12
Receivables from exchange transactions	-	-	-	101,763	101,763	N13
VAT receivable	-	-	-	207,309	207,309	N14
Cash and cash equivalents	3,183,000	(1,651,000)	1,532,000	366,988	(1,165,012)	N15
	3,183,000	(1,651,000)	1,532,000	709,115	(822,885)	

Non-Current Assets

Property, plant and equipment	485,000	-	485,000	350,891	(134,109)	N16
Intangible assets	628,000	-	628,000	1,220,920	592,920	N17
Deferred tax	-	-	-	602,051	602,051	N18
	1,113,000	-	1,113,000	2,173,862	1,060,862	

Total Assets

	4,296,000	(1,651,000)	2,645,000	2,882,977	237,977	
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Liabilities

Current Liabilities

Current tax payable	-	-	-	702,236	702,236	N19
Payables from exchange transactions	1,000,000	-	1,000,000	1,904,692	904,692	N20
Unspent conditional grants and receipts	-	-	-	8,848	8,848	N21
Provisions	992,000	(242,000)	750,000	848,822	98,822	N22
Borrowings	526,000	47,000	573,000	-	(573,000)	N23
	2,518,000	(195,000)	2,323,000	3,464,598	1,141,598	

Non-Current Liabilities

Borrowings	1,391,000	(1,391,000)	-	-	-	
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Total Liabilities

	3,909,000	(1,586,000)	2,323,000	3,464,598	1,141,598	
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Net (Liabilities) /Assets

	387,000	(65,000)	322,000	(581,621)	(903,621)	
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Net (Liabilities) /Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated (deficit) / surplus	387,000	(66,000)	321,000	(1,838,074)	(1,517,074)	
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Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	23,100,000	-	23,100,000	21,724,255	(1,375,745)	
Interest income	238,000	-	238,000	145,046	(92,954)	
Other income	10,784,000	(1,808,000)	8,976,000	154,036	(8,821,964)	
	34,122,000	(1,808,000)	32,314,000	22,023,337	(10,290,663)	

Payments

Employee costs	-	-	-	(13,513,610)	(13,513,610)	
Suppliers	(31,492,000)	492,000	(31,000,000)	(8,815,741)	22,184,259	
Finance costs	(2,000)	(4,000)	(6,000)	(5,012)	988	
Directors remuneration	-	-	-	(837,732)	(837,732)	
	(31,494,000)	488,000	(31,006,000)	(23,172,095)	7,833,905	

Net cash flows from operating activities	2,628,000	(1,320,000)	1,308,000	(1,148,758)	(2,456,758)	
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Cash flows from investing activities

Purchase of property, plant and equipment	109,000	-	109,000	(98,700)	10,300	N23
Purchase of other intangible assets	853,000	(225,000)	628,000	(252,211)	375,789	N23

Net cash flows from investing activities	962,000	(225,000)	737,000	(350,911)	386,089	
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Net increase/(decrease) in cash and cash equivalents	3,590,000	(1,545,000)	2,045,000	(1,499,669)	(2,070,669)	
Cash and cash equivalents at the beginning of the year	-	-	-	3,348,385	3,348,385	
Repayment of borrowings	(526,000)	(46,000)	(572,000)	-	572,000	

Cash and cash equivalents at the end of the year	3,064,000	(1,591,000)	1,473,000	1,848,716	1,849,716	
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Buffalo City Metropolitan Development Agency

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Statement of Comparison of Budget and Actual Amounts

Budget on an Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

- N1 - Fees earned relate to project management fees for the GMC project. DEA related project management fees were not earned in the year under review as the business plan was not yet approved by year end hence there is a huge variance.
- N2 - Other income is for staff recoveries and tender document fees. The major component of the budget relates to the waste management project funding which was not yet earned at year end due to non-approval of the business plan.
- N3 - Interest on investments could not be realised due to repayment of bank balances which were related to BCDA as it is non-existent. The said balances were then paid to the parent municipality.
- N5 - The variance is as a result of wages for the DEA waste management project participants' who could not be appointed as the business plan has not yet been approved and the company secretary position which was vacant since May 2018.
- N6 - Board members had to attend adhoc events (SOMA, BRICS, CSI launch, Strategic session etc.) which were deemed imperative for the positions that they occupy.
- N9 a - The budget for lease rental is included in contracted services as it is not a separate budget line item on the budget schedules.
- N9 b - The expenditure is low due to DEA funding that was not received.
- N10 - The expenditure is low due to DEA funding that was not received
- N11 / N12 - Year end stock adjustment and inventory on hand as at 30 June 2018.
- N13 - Receivable from exchange transaction is made up of R 44 713 (refundable deposit paid to EL IDZ for the rental office space). Project management fee receivable of R54821 is the last tranche of GMC project management fee for the implementation of the project.
Receivable control in the prior year was in relation to amounts owing to the Agency by BCMM and GMC project. These amounts have since been settled.
- N14 - relates to VAT receivable from SARS.
- N15 - the variance relates to the repayment of BCDA funds to BCMM.
- N16 - Property Plant and Equipment procurement occurred earlier than anticipated resulting in increase accumulated depreciation.
- N17 - Procurement of intangible assets, occurred later than initially expected resulting in lower accumulated amortisation.
- N18 - Deferred tax was not budgeted for as it could not be realistically costed and anticipated.
- N19 - Prior year current taxable payable and in the current year there is an assessed loss.
- N20 - The variance is as a result of a liability due to BCMM and 3rd party payments owed at year end.
- N21 - Unspent grant at the end of the project.
- N22 - Included in this amount for actual is staff provisions which could not be reasonably anticipated during the budget period.
- N23 - The capital budget which forms part of the for operational grant from the parent municipality is disclosed on the cash flow since this was used to purchase assets.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

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

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 35 - Provisions.

Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its 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.

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.4 Property, plant and equipment (continued)

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	Straight line	5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

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.

Buffalo City Metropolitan Development Agency

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Accounting Policies

1.5 Intangible assets (continued)

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

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

Item	Useful life
Computer software (Other)	1 year
Computer software, other	3 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

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

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

A financial asset is:

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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:

Buffalo City Metropolitan Development Agency

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.6 Financial instruments (continued)

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Receivables	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Payables from exchange transactions	Financial liability measured at fair value

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

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.

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The entity assess 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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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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Accounting Policies

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

1.8 Leases

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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1.8 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

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

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

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

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

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

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

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

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

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

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

1.10 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.10 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.11 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.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.13 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.

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1.13 Provisions and contingencies (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficit.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

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

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

Measurement

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

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Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Value Added Tax

Buffalo City Metropolitan Development Agency is a registered Vat vendor in terms of the VAT Act with effect from 01 July 2016. Revenue, expenses and assets are recognised net of the amount of Value Added Tax except where VAT incurred on a purchase of assets or services is not recoverable from taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

The agency accounts for VAT on an invoice or accrual basis.

1.17 Revenue from non-exchange transactions

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity 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.

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

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

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

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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

1.18 Comparative figures

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

1.19 Fruitless and wasteful expenditure

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

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

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA in relation to a municipality or municipal entity means:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) any provincial legislation providing for procurement procedures in that provincial government.
- (c) expenditure incurred in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or municipal entity which has not been condoned in terms of the such policy,

but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Upon discovery or identification of irregular expenditure that was incurred the board of directors have a responsibility to report in writing to the mayor and municipal manager of the parent municipality and the Auditor General particulars of the expenditure and steps taken to recover and prevent recurrence of the expenditure.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register. Irregular expenditure when recovered, is accounted for as revenue in the Statement of Financial Performance.

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1.20 Irregular expenditure (continued)

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.22 Presentation of Budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of Comparison of Budget and Actual Amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 01 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

The comparative information includes actual amounts and final budget amounts. Explanation of differences between the final budget amounts and actual amounts that are above 10% are included in the Statement of Comparison of Budget and Actual Amounts.

1.23 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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2. New standards and interpretations

2.1 Standards and interpretations 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:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

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2. New standards and interpretations (continued)

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The entity has adopted the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity has adopted the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality has adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is set out in note Changes in Accounting Policy.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality has adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is set out in note Changes in Accounting Policy.

GRAP 105: Transfers of functions between entities under common control

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2. New standards and interpretations (continued)

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2018 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2018 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

2.2 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 01 April 2018.

The entity has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

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2. New standards and interpretations (continued)

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The entity has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2018.

The entity has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

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2. New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018.

The entity has early adopted the standard for the first time in the 2018 annual financial statements.

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3. Property, plant and equipment

	2018		2017			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	98,834	(24,244)	74,590	98,834	(6,740)	92,094
IT equipment	557,362	(281,061)	276,301	458,662	(102,755)	355,907
Total	656,196	(305,305)	350,891	557,496	(109,495)	448,001

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	92,094	-	-	(17,504)	74,590
IT equipment	355,907	98,700	-	(178,306)	276,301
Total	448,001	98,700	-	(195,810)	350,891

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	-	98,834	-	(6,740)	92,094
IT equipment	43,726	439,914	(22,182)	(105,551)	355,907
Total	43,726	538,748	(22,182)	(112,291)	448,001

Pledged as security

None of the above property, plant and equipment has been pledged as security.

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4. Intangible assets

	2018		2017	
	Cost / Valuation	Accumulated amortisation and impairment	Cost / Valuation	Accumulated amortisation and impairment
Computer software, other	2,031,626	(810,706)	1,220,920	(220,128)
			1,806,521	1,586,393

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Write off	Amortisation	Total
Computer software, other	1,586,393	252,211	(14,316)	(603,368)	1,220,920

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Write Off	Amortisation	Total
Computer software, other	8,695	1,797,036	-	(219,338)	1,586,393

Pledged as security

None of the above intangible assets pledged as security.

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5. Operating lease accrual

Current liabilities	-	(3,562)
	-	(3,562)

The operating lease accrual is as a result of rental of premises and that of a multipurpose printing/copier machine. The operating lease on the premises was initially for a period of twelve months, with an option to extend for 24 months. The Agency exercised the option and extended the lease for a further 12 months in 2017/18, which came to an end on 30 April 2018. Subsequent to this a further extension of the lease agreement was signed which comes to an end in April 2019. The photocopier lease is for a duration of 36 months with no escalation. The liability was determined through the application of GRAP13.

No operating lease accrual was raised in 2017/18 financial year.

6. Employee benefit obligations

Defined contribution plan

It is the policy of the entity to provide retirement benefits to its employees. BCMDA has during the financial year made contribution to a defined contribution plan, wherein fixed contributions are paid on a monthly basis. Kindly refer to note 16 for the amounts paid to the fund.

The entity is under no obligation to cover any unfunded benefits.

7. Inventories

Consumable stores	33,055	24,976
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Included in inventory are items that were held in stock at the financial year end.

8. Receivables from exchange transactions

Deposits	44,713	44,713
Project Management Fee Receivable	54,821	119,318
Sundry Debtors	2,229	8,698
Receivables Control	-	709,639
	101,763	882,368

Receivables from exchange transactions is made up of R 44 713 (refundable deposit paid to EL IDZ for the rental office space). Project management fee receivable of R54821 is in relation to the implementation of the GMC project.

Receivable control in the prior year was in relation to amounts owing to the Agency by BCMM and GMC project. These amounts have since been settled.

9. VAT receivable

VAT	207,309	144,505
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The agency is a registered VAT vendor and accounts for VAT on an accrual basis. The Agency has, for the current financial year submitted all VAT returns to SARS. All amounts that were due to SARS were paid.

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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,002	115
Bank balances	364,986	3,348,270
	366,988	3,348,385

The Agency had the following bank accounts with First National Bank during the year under review. Below are the bank statement balances at the end of June 2018:

Account number/description		
EC - Buffalo City GMC 2015 Cheque Account - 626-1293-9267	6,293	1,499,624
Public Sector Cheque Account - 620-9871-7899	335,316	154,681
Commercial Money Market - 620-9871-9358	23,292	1,693,966
Public Sector Cheque Account - 627-4180-3177	85	-
Subtotal bank statement balances	364,986	3,348,271
Cash on hand	2,002	115
	366,988	3,348,386

11. Unspent conditional grants and receipts

BCMDA was appointed by the Department of Environmental Affairs as an implementing agent of the EC - GMC Buffalo City 2015 project. Approved funding is R2.5 million and R 2.4 million was received as at 30 June 2017. The project came to an end at the end of January 2018.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
DEA -GMC Grant	8,848	1,489,147

12. Current tax payable

BCMDA was registered for Income Tax on 01 July 2016. Income tax payable for the financial year is as follows:

During the current financial year there is a calculated assessed loss to be confirmed by SARS of R 344 863

Opening balance	702,236	-
Normal tax	-	702,236
Closing balance	702,236	702,236

13. Payables from exchange transactions

Trade payables	865,851	2,202,390
Staff Related Payables	1,038,842	895,581
	1,904,693	3,097,971

Trade payables and BCMM - BCDA payables is included in trade payables, costs incurred by BCMM on behalf of the Agency during the establishment phase of R 116 284.87.

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14. Other revenue

Fees earned	123,740	202,224
Other income	28,867	674,496
	152,607	876,720

Other revenue is made up of fees earned through project management fees and tender fees.

15. Government grants and subsidies

Operating grants

Buffalo City Metropolitan Municipality	20,219,108	15,890,999
GMC Conditional Grant	1,505,147	991,339
	21,724,255	16,882,338

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	1,505,147	991,339
Unconditional grants received	20,219,108	15,890,999
	21,724,255	16,882,338

DEA - GMC Conditional Grant

Balance unspent at beginning of year	1,489,147	-
Current-year receipts	-	2,443,750
Interest received (included in unspent grant)	24,848	36,736
Conditions met - transferred to revenue	(1,505,147)	(991,339)
	8,848	1,489,147

During the year, BCMDA's approved budget/allocation from the parent municipality (BCMM) was R23.1 million. As at end of June 2018, BCMDA had recognised R20.2 million, the difference between the two being output Vat paid to SARS. The grant is for the operations of the agency and therefore there are no conditions attached to it.

The Agency was also appointed by DEA as Implementing agent for the EC- Buffalo City GMC 2015 project. The approved funding for the project is R2.5 million. On the R2.4 million received, the Agency remains with an unspent grant as disclosed. Included in this is interest received on the GMC bank account and this accrued to the funder.

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16. Employee related costs

Other employees

Basic	5,769,690	8,070,565
Bonus	446,841	472,779
UIF	23,600	18,835
Workmen's Compensation Fund	43,347	-
SDL	124,451	84,680
Leave pay provision	296,060	200,343
Car allowance	60,000	458,307
Pension contributions	577,071	838,092
	7,341,060	10,143,601

Remuneration of Executive Management

Remuneration of Chief Executive Officer - Appointed 20 April 2016 - 30 September 2017

Annual Remuneration	393,257	1,463,975
Car Allowance	60,000	240,000
Contributions to UIF, Medical and Pension Funds	45,273	168,525
Ex-Gratia Payment	72,000	-
	570,530	1,872,500

Remuneration of Chief Executive Officer - Appointed 01 October 2017

Annual Remuneration	1,429,797	-
Performance Bonus	110,250	-
Contribution to UIF, Medical and Provident Funds	146,542	-
	1,686,589	-

Remuneration of Chief Financial Officer- Appointed 20 April 2016

Annual Remuneration	1,094,889	956,679
Car Allowance	168,000	168,000
Performance Bonuses	97,145	-
Contributions to UIF, Medical and Pension Funds	126,686	111,232
	1,486,720	1,235,911

Remuneration of Company Secretary/Legal Advisor- Appointed 18 July 2017 - 30 April 2018

Annual Remuneration	713,025	742,113
Contributions to UIF, Medical and Pension Funds	78,127	47,369
	791,152	789,482

Corporate and human resources (corporate services)- Appointed 01 June 2016

Annual Remuneration	1,082,247	986,011
Performance Bonuses	83,250	-
Contributions to UIF, Medical and Pension Funds	108,820	97,518
	1,274,317	1,083,529

The disclosure of Employee related costs in 2017/18 financial year separates Executive Management from other employees. The amount presented on the face of Statement of Financial Performance is made up of the sum of other staff disclosed above, and the Executives Remuneration.

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16. Employee related costs Other employees (continued)

Development Facilitation - Appointed 01 July 2016

Annual Remuneration	1,130,406	986,011
Performance Bonuses	86,954	-
Contributions to UIF, Medical and Pension Funds	113,583	97,518
	1,330,943	1,083,529

17. General expenses

Advertising	41,632	130,927
Auditors remuneration	669,773	561,387
Bank charges	15,332	13,964
Inventory consumed - standard rated	171,765	141,762
Delivery expenses	1,319	2,855
Bursaries	100,000	-
Fines and penalties	58,185	6,398
Insurance	24,535	24,780
Software expenses	147,388	1,448
Promotions and sponsorships	411,007	-
Fuel and oil	1,429	-
Subscriptions and membership fees	12,997	8,053
Telephone and fax	236,025	169,348
Training & Conferences	241,030	231,507
Travel, Accommodation & Subsistence- local	679,357	445,419
Utilities	148,231	129,289
Audit Committee Remuneration	126,679	170,249
Placement Fees	172,166	529,501
Project Costs	1,562,667	1,079,469
Refreshments	48,785	68,976
Corporate Activities	78,111	-
	4,948,413	3,715,332

18. Auditors' remuneration

Fees	669,773	561,387
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19. Taxation		
Major components of the tax (income) expense		
Current		
Local income tax - current period	(538,253)	638,439
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting (deficit) surplus	(2,325,382)	2,273,738
Tax at the applicable tax rate of 28% (2017: 28%)	(651,107)	636,647
Tax effect of adjustments on taxable income		
Fines and penalties	16,292	1,791
Deferred tax effect - temporary differences	96,562	-
	(538,253)	638,438

The entity is owned by the Municipality which is not subjected to income tax. Management is making representations to SARS seeking exemption for the entity to pay income tax. However, in the mean time a provision has been made for income tax.

20. Cash (used in) generated from operations

(Deficit) surplus	(1,787,129)	1,635,299
Adjustments for:		
Depreciation and amortisation	799,178	331,629
Gain/ (Loss) on sale of assets and liabilities	-	2,264
Gain/ (Loss) on discontinued operations	14,316	-
Movements in operating lease assets and accruals	3,562	(89,427)
Movements in provisions	848,822	-
Movement in tax receivable and payable	-	702,236
Fines and penalties	-	6,398
Other non-cash items	(7,126)	(8,663)
Changes in working capital:		
Inventories	(8,079)	(24,976)
Receivables from exchange transactions	780,604	(882,367)
Payables from exchange transactions	(1,193,278)	2,708,790
VAT	(62,804)	(144,505)
Unspent conditional grants and receipts	(1,480,299)	1,489,147
Deferred tax Liability / asset	(538,253)	(63,798)
	(2,630,486)	5,662,027

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21. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At fair value	Total
Refundable Deposit	44,713	44,713
Trade and other receivables from exchange transactions	58,479	58,479
Cash and cash equivalents	366,988	366,988
	470,180	470,180

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	1,904,693	1,904,693

2017

Financial assets

	At fair value	Total
Refundable Deposit	44,173	44,173
Trade and other receivables from exchange transactions	838,195	838,195
Cash and cash equivalents	3,348,385	3,348,385
	4,230,753	4,230,753

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	3,097,972	3,097,972

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22. Commitments

Authorised operational expenditure

Already contracted for at 30 June 2018

• Operating lease - Premises	525,935	482,990
• Operating lease- IT Equipment	49,776	92,614
• Hosting of internet and website services	467,266	26,463
• Procurement of financial management system	-	43,363
• System Upgrade to mSCOA compliance	488,635	1,039,944
• Provision of precinct designs and implementation services	3,353,214	4,844,794
• Procurement of an electronic document management systems	1,500,000	-
	6,384,826	6,530,168

Total operational commitments

Already contracted for at 30 June 2018	6,384,826	6,530,168
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Total commitments

Total commitments

Authorised operational expenditure	6,384,826	6,530,168
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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.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	569,325	525,649
- in second to fifth year inclusive	7,187	42,745
	576,512	568,394

Operating lease payments represent rentals payable by the Agency in relation to office accommodation and a multipurpose printer/copier. Office accommodation lease is for a period of a year with an option to renew. The option to renew was exercised and agreement will now expire in April 2019. Printers/copiers rental agreement is for a period of three years with no escalation clause.

23. Contingencies

The Accounting Officer is not aware of any contingent liabilities as at 30 June 2018.

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24. Related parties

Relationships

Directors	Refer to accounting officers' report note 25
Controlling entity	Buffalo City Metropolitan Municipality
Economic entity	East London IDZ SOC Ltd
Members of key management	Mr GB Qotywa (Resigned September 2017)
	Mr B Nelana (Appointed 01 October 2017)
	Ms V Ntsodo
	Mr X Jikela
	Dr E Uithaler

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Buffalo City Metropolitan Municipality (Receivable)	-	709,639
East London IDZ SOC Ltd	44,713	44,713
Buffalo City Metropolitan Municipality (Payable)	(116,285)	(1,797,801)

Related party transactions

Grants received from related parties

Buffalo City Metropolitan Municipality	23,100,000	18,115,739
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Key management information

Class	Description	Number
Non-executive board members	Board of Directors	6
Audit Committee	Shared with the parent municipality	6
Executive management	Agency management	4
Councillors	Shareholder representative	1

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25. Remuneration of Board Members

Non- Executive Directors

2018

	Data Allowance	Reimbursive costs	Board Remuneration	Total
S Kondlo	1,050	1,009	73,000	75,059
C Sangqu	1,050	8,064	165,000	174,114
J Badenhorst	1,050	3,032	177,500	181,582
N Petela-Ngcanga	1,050	10,705	121,875	133,630
M Pango	1,050	3,988	170,875	175,913
L Simon - Ndzele	-	524	-	524
T Bonakele	1,050	1,215	156,625	158,890
	6,300	28,537	864,875	899,712

2017

	Other Benefits	Board Remuneration	Total
S Kondlo	-	93,841	93,841
V Ncwaiba	-	36,611	36,611
C Sangqu	-	96,009	96,009
V Zitumane	-	16,000	16,000
J Badenhorst	-	62,912	62,912
N Petela-Ngcanga	-	8,713	8,713
M Pango	-	53,518	53,518
L Simon - Ndzele	454	-	454
T Bonakele	-	90,919	90,919
	454	458,523	458,977

Other than the data allowance paid to Directors on a quarterly basis, there were no other benefits paid to the Directors.

26. Comparative figures

No adjustments were processed on comparative figures. These are the same balances that were audited in the previous financial period, however a reclassification was performed due to mSCOA requirements refer to note 42.

27. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

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

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27. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash and cash equivalents and receivables. The entity only deposits cash with the major banks with high quality credit standing and limits exposure to any one- counter party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Cash and cash equivalents	366,988	3,348,385

28. Going concern

We draw attention to the fact that at 30 June 2018, the entity had accumulated deficit of R 581,622 and that the entity's total liabilities exceed its assets by R 581,622.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Agency's ability to function as an going concern in the foreseeable future is to a large extent dependant on continued support from the Buffalo City District Metropolitan Municipality(BCMM). The MTREF Budget was approved in May 2018 for the 2018/19; 2019/20 and 2020/21 financial years, which confirms the support by the parent municipality.

29. Events after the reporting date

There were no material events taking place after the reporting date that would affect the financial statements.

30. Fruitless and wasteful expenditure

Opening balance	15,096	-
Incurred during the year:	-	8,698
- Fines and penalties	62,926	6,398
- Travelling and accommodation	4,428	-
Recovered during the year	(11,616)	-
	70,834	15,096

Fruitless and wasteful expenditure is made up of expenditure incurred through travelling and accommodation costs and fines and penalties charged by SARS and the Department of Labour. Fruitless and wasteful expenditure recoverable that was reported in the previous financial year was recovered. Fines and penalties for the current year relate to a payment that was made to SARS in September 2017, where the payment had fallen due on a Saturday. The payment was released on a Saturday and only appeared as having been paid in the following week at SARS. The agency has requested for remission in this regard and is still awaiting response from SARS. The penalty charged by the Department of Labour relates to the annual return of earnings for the 2016 assessment that was due to be submitted in April 2017. However, the Agency registered for workmens compensation in May 2017 for the first time since re-establishment and this was after the due date for submission of the 2016 annual return of earnings.

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31. Deviation from supply chain management regulations

Section 12(1)(d)(i) of Municipal Supply Chain Regulations issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same regulations states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Board and includes a note to the annual financial statements.

IT Equipment, internet services and a financial management system were procured during the 2015/16 financial year and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. Furthermore, in 2016/17 financial year, the agency deviated from its procurement processes for the procurement of a financial reporting system and the external audit services for the EC GMC project. The reasons for these deviations were documented and reported to the Board who considered them and subsequently noted the deviations from the normal supply chain management regulations as required by the regulation. In the current financial year, none of the goods or services were procured through the deviations regulations. The detail of the deviations listed in the table below relates to the previous financial years, wherein the contracts are still active:

Supplier Details

Konica Minolta - Procurement of IT Equipment	292,899	292,899
Business Connexion - Procurement of internet services including emails and website design	138,624	138,624
EBM Technologies - Procurement of financial management system	-	528,659
CQS Holdings Procurement of Financial reporting System	-	170,405
Marais & Smith - Provision of External Audit Services _GMC Project	-	83,844
	431,523	1,214,431

32. Additional disclosure in terms of Municipal Finance Management Act

Provident Fund Contributions

Current year	1,187,477	838,093
Amount paid - current year	(1,089,968)	(838,093)
	97,509	-

PAYE and UIF

Current year	3,732,318	2,532,147
Amount paid - current year	(3,460,613)	(2,532,147)
	271,705	-

Supply chain management regulations

In terms of section 45 of the Municipal Supply Chain Management Regulations, the notes to the annual financial statements of a municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. The Agency awarded a contract to Tsholo Consulting Services, whose director has a spouse in the service of the state. The Agency further awarded contracts for provision of goods and services to Sunay Trading and Nondzaba Consulting, whose directors were in the service of the state within the last 12 months at dates of awards. Below is the detail:

Supplier Details

Tsholo Consulting Services	4,725	-
Sunay Trading	17,156	-
Nondzaba Consulting	19,990	-
	41,871	-

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 Restated 2017

33. Share capital / contributed capital

Authorised

100 Ordinary shares of R 1 each	100	100
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The Municipality as the holding company has not yet subscribed for shares according therefore there are no issued shares.

- unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

34. Deferred tax

Deferred tax liability

Deferred tax liability	602,051	63,798
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year	63,798	-
Charge for the year	538,253	63,798
	602,051	63,798

35. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision -Website and Mailbox services	-	24,381	24,381
Staff bonus	-	824,441	824,441
	-	848,822	848,822

36. Revenue

Fees earned	123,740	202,224
Other income	28,867	674,496
Interest received - investment	145,046	200,354
Transfer revenue: Government grants & subsidies	21,724,255	16,882,338
	22,021,908	17,959,412

The amount included in revenue arising from exchanges of goods or services are as follows:

Fees earned	123,740	202,224
Other income	28,867	674,496
Interest received - investment	145,046	200,354
	297,653	1,077,074

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue: Government grants & subsidies	21,724,255	16,882,338
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Buffalo City Metropolitan Development Agency

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	Restated 2017
37. Investment revenue		
Interest revenue		
Bank	145,046	200,354
38. Depreciation and amortisation		
Property, plant and equipment	195,810	331,629
Intangible assets	603,368	-
	799,178	331,629
39. Finance costs		
Interest	5,012	6
The interest relates to late payment of VAT, refer to the note on fruitless and wasteful expenditure . Included in this amount is also payments on debit balances for DEA and penalties incurred.		
40. Contracted services		
Information Technology Services	330,883	297,385
Operating Leases	552,301	508,141
Specialist Services	450,540	167,692
Other Contractors	1,873,703	62,912
	3,207,427	1,036,130
41. Tax refunded		
Balance at beginning of the year	(702,236)	-
Current tax for the year recognised in surplus or deficit	538,253	(638,439)
Balance at end of the year	702,236	702,236
	538,253	63,797

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42. 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 performance

2018

	Note	As previously reported	Re- classification	Restated 2017
Repairs and maintenance		5,351	(5,351)	-
Contracted services		-	1,036,130	1,036,130
Lease rentals on operating lease		508,141	(508,141)	-
General expenditure		4,237,970	(522,638)	3,715,332
Surplus for the year		4,751,462	-	4,751,462

43. Unauthorised expenditure

There is no expenditure items deemed to be unauthorised expenditure.

44. Irregular expenditure

There is no expenditure items deemed to be irregular expenditure.

9 INTERNAL AND EXTERNAL AUDIT FINDINGS

9.1 Internal Audit Plan

Lunika Chartered Accountants has been appointed as internal auditors for the Buffalo City Development Agency's ("BCMDA") to provide internal audit service for a period of 3 years effective from 09 September 2017.

The primary objective of the internal audit function is to provide a comprehensive service to ensure adequate measures and procedures are in place for sound economic, effective and efficient management. Internal Audit will conduct audits to assist management in the effectiveness of the Agency's system of internal controls and quality performance. The internal audit process provides oversight to obtain reasonable assurance regarding management's assertions that objectives are achieved for effectiveness and efficiency of operations, reliability of financial information, and compliance with laws and regulations. Value is created with an integrated audit approach using well trained, knowledgeable professionals, total quality principles, teamwork, innovation and world-class audit tools and techniques.

The primary objective of the audit planning process is to determine what audit activities will be scheduled for the year and to ensure qualified audit staff is planned and assigned to the highest priority assignments.

9.2 Internal Audit Mandate

The Internal Audit Activity (IAA) performs its activities in accordance with the auditing guidelines known as the Standards for Professional Practice of Internal Auditing (SPPIA) published by the Institute of Internal Auditors (IIA).

The IAA's mandate stems from Municipal Finance Management Act, no 56 of 2003, (MFMA). The accounting officer of the agency is responsible for managing the financial administration of the agency, and must for this purpose take all reasonable steps to ensure:

- a) that the agency has and maintains effective, efficient and transparent systems:
 - of financial and risk management and internal control and;
 - of internal audit operating in accordance with any prescribed norms and standards.

In terms of section 165(2(a)) of the MFMA, the internal audit unit of the agency must prepare a risk-based audit plan and an internal audit program for each financial year. In terms of the AC charter, the committee must review the audit plan and advise Council regarding the approval of the audit plan which section is relevant for municipal entities.

The Internal Audit Activity plays a crucial role in ensuring that systems of internal controls, risk management, corporate governance are maintained within an organization. Accordingly, this document must be acknowledged by the Principal and approved by the Audit Committee.

The Strategic Internal Audit Plan is reviewed each year so that it can be amended to reflect and meet the emerging needs of the agency.

9.2.1 Internal Control System

The internal control system comprises the whole network of systems established in an organisation to provide reasonable assurance that organisational objectives will be achieved, with reference to:

- risk management;
- the effectiveness of operations;
- the economical and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption

9.2.2 *Basis of Preparation – Risk Based Approach*

In light of the above and in order for Internal Audit Activity to add value and to improve the effectiveness and efficiency of systems on internal controls, risk management and corporate governance, the internal audit activity has adopted the following approach to determine the focus areas for the 2018 audit plan:

- an assessment of both internal and external audit reports over the last financial year;
- consideration to recent developments (e.g. new systems, business models and operational requirements, policies etc.) within the agency;
- the risk tolerance and appetite strategy of agency;
- consideration of the strategic and annual performance plan; and
- results of the risk identification and assessment.

9.2.3 *The proposed plan is broken up into two sections, namely:*

- **Operational plan** for the current year (financial year ending 30 June 2018) – refer section 11 below; and
- **Strategic plans** for the subsequent years (financial years ending 30 June 2019) – refer to the Strategic Plan on section 12.

Notes to the Plan

- The internal audit plan is flexible to allow for changes in order to address emerging risks or new challenges facing the entity.
- It is therefore recommended, that the plan be evaluated on a quarterly basis to address such situations. However, any change should require the acknowledgement of management and the approval of the audit committee.
- Items such as additional/ special requests, fraud investigations, ad hoc assignments etc. will be considered as internal audit is responsive to such requests. The impact of such work on the approved internal audit plan will be evaluated and, if necessary, discussed with the Principal and agreed with the Audit Committee
- The plan takes into account the current structure and resources that are available for the agency

9.2.4 *Strategic Objectives*

The strategic objectives of the Internal Audit Activity are to:

- Add value and improve the organization's operations;
- Effectively coordinate integrated internal audit services
- Help the organization accomplish its objectives; and
- Follow a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The following core internal audit services will be undertaken in order to achieve the above strategic objectives:

- the review of the information systems environment;
- the review of the reliability and integrity of financial and operational information
- the review of the effectiveness of operations;
- the review of the Asset Management processes (safeguarding of assets);
- the review of compliance with laws, regulations and controls; and
- effective ongoing communication with stakeholders

9.2.5 *Internal Audit Expectations*

The following are expectations required from agency management in respect of the planned engagements:

- Unrestricted access to information, property and records;
- Timely response to audit queries/ requests;
- Implementation of audit recommendations; and
- Management takes responsibility for risk management.

It is accepted that the co-operation and availability of the organisation's personnel and records/ documents/ information plays a significant role in impacting the effectiveness and efficiency of the internal audit Activity. While Internal Audit will make every effort to obtain the complete co-operation with the organisation's management and staff, any undue delays or instances of non-co-operation will be reported to the Accounting Officer, or his/ her representative, for resolution thereof and subsequently to the Audit Committee where consensus cannot be reached.

9.2.6 Engagement Reporting Structure

Communication, particularly through reports, is an essential element of the internal audit process. Reports will clearly demonstrate the control and operating concerns arising from the audit, the cause, the potential impact and thoughtful recommendations for change.

The reporting requirements across Internal Audit can be summarized as follows:

Focus Area	Reporting/ Reports
Internal Audit Activity	<ul style="list-style-type: none"> Internal Audit reports per assignment (addressed to the Principal, copied to management, the Audit Committee, and the External Auditors). Reports for Audit and risk Committee meetings. All Internal Audit reports to be signed by the management of the agency.

Table 26: Internal Audit report requirements

The reporting of audit findings is one of the most important steps of the internal audit process, and the Internal Audit Activity's approach can be summarised as follows:

- Present draft reports to management for comments within an agreed period from completion of fieldwork;
- Obtain management comments within an agreed period from the date of issuing of draft report;
- In consideration of management comments present final report to management within an agreed period from receipt of management comments;
- Present the final report to the Audit Committee at its meetings.
- Report management progress on implementation of actions on internal audit and external audit (where requested) reports to management and the Audit Committee.
- Report on the status of internal audit work against its plan(s) and any subsequent changes to the plan on a periodic basis

Engagement Management

- The Internal Audits Activity and delivery of services to entity will be managed and coordinated by Ms Bulelwa Oliphant. Reflected on the table below are the contact details of the key personnel involved in providing the services:

Name	Designation	Contact Number
Samkelo Mxunyelwa	Director	Tel: 043 7482746 Email: sam@lunika.co.za
Bulelwa Kim Oliphant	Manager	Tel: 043 748 2746 Email: kim@lunika.co.za

9.2.7 Summary of Identified Risks and Risk Ratings

The following profile of the agency's key strategic risks, was developed from management's strategic risk assessment. This strategic risk profile has been used in developing the 3-year risk-based plan to direct internal audit effort at those areas of higher risk to the agency. The approach taken to conducting the strategic risk assessment is in accordance with the agency risk management.

#	Risk Description	Inherent Rating		Residual rating	
1	Inability to attract and retain experienced and qualified personnel	Medium	12	High	7.8
2	Non-implementation of strategic stakeholder relations, brand management and media engagements	Medium	12	High	7.8
3	Lack of prompt approvals by the board e.g. Policies, budgets, executive decisions	Low	6	Low	3.9
4	Delays in approval processes by BCMM e.g. SDA and LAA	High	16	High	10
5	Delay in signing of the Land Availability Agreement and other ancillary agreements	Maximum	25	Maximum	20
6	Inadequate funding	Medium	12	Medium	7
7	Lack of bulk infrastructure to support development	Maximum	25	High	20
8	Delays in the municipal approval processes leading to the withdrawal of potential funders or developers	Maximum	25	Maximum	16
9	Insufficient funded projects to enable the agency to create jobs	Maximum	25	Maximum	16

Table 27: Strategic Risks

9.2.8 Internal Audit Plan

No	Audit Process	Audit Focus Areas	Nature of activity	Budgeted hours	Timing	Month
Risk based reviews						
1	Information Technology	<ul style="list-style-type: none"> Review General and application controls including the following: Information Technology Governance Information Technology Security Management Information Technology User Account Management Information Technology Change Management Information Technology Service Continuity Information Technology Problem and Incident Management Physical and Environmental Controls Application controls surrounding the financial or reputational applications 	Information Technology	80	Q2	November 2017
2	Governance, Compliance and Regulatory Review	<ul style="list-style-type: none"> Determine adherence with laws and regulation (MFMA, MSA, etc.) Review the Governance Structures Review key policies 	Compliance	36	Q3	March 2018

No	Audit Process	Audit Focus Areas	Nature of activity	Budgeted hours	Timing	Month
3	Supply Chain Management	<ul style="list-style-type: none"> Review design of internal control policies and procedures. SCM compliance requirements with the framework 	Compliance	44	Q3	March 2018
5	Human resources	<ul style="list-style-type: none"> Recruitment and retention strategies Policies and procedure Appointments Leave management Compliance 	Operational	36	Q1	September 2017
6	Budgeting, funding and financial management	<ul style="list-style-type: none"> Funding strategies Budget process Business model Financial viability 	Operational	24	Q3	March 2018
7	Stakeholder management	<ul style="list-style-type: none"> Review key strategies for effective stakeholder management 	Stakeholder management	32	Q2	November 2017
Compliance reviews						
8	Performance Information and performance bonuses	<ul style="list-style-type: none"> Review compliance with National Treasury framework Alignment between strategy, APP and reporting. Review of POE Review of performance bonuses paid 	Compliance	104	Q4, Q1, Q2, Q3	Q1: Oct 2017 Q2: Feb 2018 Q3: April 2018 Q4: August 2018
9	MSCOA	<ul style="list-style-type: none"> Compliance with National Treasury requirements IT infrastructure requirements 	Compliance	44	Q1	August 2017
10	Annual Financial Statement Review	<ul style="list-style-type: none"> Readiness assessment Review the AFS against GRAP, Treasury requirement Review of Accounting Policy Notes Review of Notes to the Financial Statements Agree amounts to supporting schedules 	Compliance	20	Q1	August 2017
Risk Management, Ethics and Fraud Consideration						
11	Risk management	<ul style="list-style-type: none"> Review risk management plan and strategies Review Fraud prevention and management strategies 	Compliance	64	Ongoing	September 2017, November 2017, March 2018 and June 2018
Follow up						

No	Audit Process	Audit Focus Areas	Nature of activity	Budgeted hours	Timing	Month
12	Follow-up	Follow up on: <ul style="list-style-type: none"> External audit findings Internal audit findings 	Follow up	40	Q4/Q1/ Q2/Q3	August 2018, Sep 2017, February 2018 and June 2018
Value Add Activities and other						
13	Update of the Internal Audit and Audit Committee Charter	<ul style="list-style-type: none"> Review of Charters against the Industry requirements, Standards and Best Practices 	Value Add	12	Q3	November 2017
Project Administration and reporting						
14	Project Administration and Reporting	<ul style="list-style-type: none"> Internal audit Activity Project reporting 	Administration	40	Q4, Q1, Q2, Q3	September 2017, November 2017, February 2018 and June 2018

Table 28: Operational Internal Audit Plan: Financial Year Ending 30 June 2018

9.2.9 Internal Audit -Resource Requirements

No	Internal Audit area	Total Cost	
		Hours	Rand Amount
Risk based reviews			
1	Information Technology	80	26 400,00
2	Governance, Compliance and Regulatory Review	36	11 844,00
3	Supply Chain Management	44	14 476,00
5	Human resources	36	11 844,00
6	Budgeting, funding and financial management	24	7896,00
7	Stakeholder management	24	7896,00
Compliance reviews			
8	Performance Information and performance bonuses Q 2, Q3, Q4, Q1	104	34 320,00
9	MSCOA	44	14 476,00
10	Annual Financial Statement Review	20	6600,00
Risk Management, Ethics and Fraud Consideration			
11	Risk management	64	21 056,00
Follow up			
12	Follow-up	40	13 200,00

Value Add Activities and Other			
13	Update of the Internal Audit and Audit Committee Charter, Dashboard review	12	3 948,00
Project Administration and reporting			
14	Project Administration and Reporting	40	13 160,00

Total Amount**175 272,00**

Table 29:: Internal Audit -Resource Requirements for the year ending 30 June 2018

9.2.10 Proposed internal audits 2018/19 -2019/2020

No	Audit Process	Audit Focus Areas	2018/2019	2019/2020
1	Information Technology	<ul style="list-style-type: none"> Review General IT Controls Review key application controls (pastel system) 	X	Follow up
2	Governance, Compliance and Regulatory Review	<ul style="list-style-type: none"> Determine adherence with laws and regulation (MFMA, MSA, etc.) Review the Governance Structures Review key policies 	Follow up	X
3	Supply Chain Management	<ul style="list-style-type: none"> Review design of internal control policies and procedures. SCM compliance requirements with the framework 	X	X
5	Human resources	<ul style="list-style-type: none"> Policies and procedure Appointments Leave management Compliance 	Follow up	X
6	Budgeting, funding and financial management	<ul style="list-style-type: none"> Funding strategies Budget process Business model Financial viability 	X	Follow up
7	Stakeholder management	<ul style="list-style-type: none"> Review key strategies for effective stakeholder management Follow up on management strategies 	X	Follow up
8	Performance Information	<ul style="list-style-type: none"> Review compliance with National Treasury framework Alignment between strategy, APP and reporting. Review of POE 	X	X
9	MSCOA	<ul style="list-style-type: none"> Post implementation review 	n/a	X
10	Annual Financial Statement Review	<ul style="list-style-type: none"> Readiness assessment Review the AFS against GRAP, Treasury requirement Review of Accounting Policy Notes Review of Notes to the Financial Statements Agree amounts to supporting schedules 	X	X
11	Risk management	<ul style="list-style-type: none"> Facilitation of risk management activities Review Fraud prevention and management strategies 	X	X

No	Audit Process	Audit Focus Areas	2018/2019	2019/2020
12	Follow-up	Follow up on: <ul style="list-style-type: none"> • External audit findings • Internal audit findings 	X	X
13	Update of the Internal Audit and Audit Committee Charter	Review of Charters against the Industry requirements, Standards and Best Practices	X	X
14	Project Administration and Reporting	<ul style="list-style-type: none"> • Internal audit activity administration • Project reporting 	X	X

Table 30: Proposed internal audits 2018/19 -2019/2020

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Audit Committee is constituted in terms of section 166 of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA), read with the applicable Treasury Regulations. The Audit Committee, as an independent advisory body to the Board, has adopted appropriate formal terms of reference and has endeavoured at all times to conduct its oversight role in compliance with its Charter and the provisions of the MFMA.

The committee comprises of the following 6 independent external members :

Ms R Shaw (Chairperson)
 Mr P Ntuli
 Ms Y Roboji
 Mr S Sokutu
 Ms P Mzizi
 Mr T Zororo

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has an oversight function with regards to :

- Internal Audit Function
- Risk Management
- Financial Management
- Compliance with laws and regulations
- Internal Controls

INTERNAL AUDIT

The Audit Committee approved the Internal Audit Plan for 2017/2018.

The internal audit function is outsourced and appears to be operating effectively, addressing the risks pertinent to the Agency.

The Audit Committee reviewed the results of the work performed by internal audit in relation to

- Prevention and detection of fraud,
- Risk management,
- Budgeting, funding and financial management,
- IT governance
- Governance, regulatory and statutory compliance and
- Internal controls

Findings raised by the internal audit function needs to be addressed within reasonable timeframes.

With the exception of Risk Management, all planned audits/projects for the 2017/18 financial year were completed.

RISK MANAGEMENT AND FRAUD

- A Risk Implementation Plan was finalized and implemented
- The Audit Committee has been given the assurance that there has been no fraud occurrence that management is aware of and none has come to the attention of Internal Audit.

FINANCIAL MANAGEMENT

- The Audit Committee is presented with quarterly financial reports to enable the Audit Committee to monitor expenditure vs budget
- The future sustainability, particularly pertaining to the cash flow of the Agency, remains a serious concern to the Audit Committee. Management has presented the Audit Committee with proposals on generating its own revenue streams in the future to ensure long-term sustainability and thus mitigating this risk.

COMPLIANCE WITH LAWS AND REGULATIONS

The Audit Committee reviewed relevant policies and procedures in place to ensure the Agency's compliance with relevant regulatory provisions.

INTERNAL CONTROLS

The internal controls of the Agency have been reasonably effective throughout the year under consideration. A factor that could compromise effective internal control is the fact that within an entity with such a small staff compliment, effective segregation of duties is not always possible but the Audit Committee has been given the assurance that compensating controls have been put in place wherever the need arises.

QUARTERLY PERFORMANCE REPORT

The audit committee considered and reviewed the quarterly performance reports presented by management.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee reviewed the Agency's annual financial statements and annual performance report for the 2017/2018 financial year before submission to the Auditor-General of South Africa for audit purposes.

The Audit Committee concurs with and accepts the Auditor-General of South Africa's opinion and report on the Agency's Annual Financial Statements. The Audit Committee therefor recommends the adoption thereof by the Agency's Board.

R Shaw (CA(SA))
Chairperson, Audit Committee

Report of the auditor-general to Eastern Cape Provincial Legislature and 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 ... to ..., which comprise the statement of financial position as at 30 June 2018, the 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 the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Buffalo City Metropolitan Development Agency as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Companies Act, 2008 (Act No. 71 of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the 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.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

7. In terms of section 125(2)(e) of the MFMA, the entity is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Buffalo City Metropolitan Development Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the municipal entity for the year ended 30 June 2018:

Programme	Pages in the annual performance report
Local Economic Development	52 – 62

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings in respect of the usefulness of the selected programme are as follows:

Local economic development (strategic goals 2, 3 and 4)

Various indicators

17. The source information and method of calculation for achieving the following planned indicators were not clearly defined.

Planned indicators per annual performance plan	Planned targets per annual performance plan
Percentage development of the water world as a leisure tourist site	25% construction completed
Percentage development of Marina Glen site	10% partnership agreement signed
Percentage development of the Court Crescent site	25% construction completed
Percentage development of the Seaview Terrace site	10% partnership agreement signed
Percentage development of the Heroes Park site	Design and operation plan approved
Percentage upgrading of the Esplanade	20% (designs developed and approved and contractor appointed)

Number of non-profit organisations supported

18. Performance indicator *Number of non-profit organisations supported* with a planned target of 10 was reported in the annual performance report. However, the performance indicator was not included in the approved annual performance plan.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 52 to 62 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraphs 17 to 18 of this report.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the selected programme, Local economic development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

Financial statements

24. 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 employee related cost and statement of comparison of budget and actual amount identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

25. Monies owed by the municipal entity were not always paid within 30 days, as required by section 99(2)(b) of the MFMA.
26. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R67 354, as disclosed in note 30 to the annual financial statements, in contravention of section 95(d) of the MFMA.

Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. 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

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
 - Material adjustments had to be made to the financial statements and annual performance report as a result of inadequate reviews being performed at the required assurance levels to detect and correct such misstatements prior to the submission of these documents for auditing.

- The annual performance plan was not supported by technical indicator descriptions that would define, among others, the source information to be used and calculation methods to be applied when determining the achievements to be reported in the annual performance report.
- Oversight of the budget implementation and spending was not effective throughout the year as the budget to pay certain suppliers was depleted at times, resulting in late payments.

Auditor-General

East London

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programme and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Buffalo City Metropolitan Development Agency's ability 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 the 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 continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



BUFFALO CITY METROPOLITAN MUNICIPALITY
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